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Investing in rural people

# Kingdom of Eswatini

# Country Strategy and Programme Evaluation

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For: **Review**

# Contents

# Acknowledgements

This country strategy and programme evaluation was led by Monica Lomena-Gelis, Senior Evaluation Officer and Kouessi Maximin Kodjo, Lead Evaluation Officer at the Independent Office of Evaluation of IFAD (IOE). Ms Tullia Aiazzi, senior IOE consultant, ably contributed to manage key evaluation steps. Other consultants include: Margarita Borzelli Gonzalez (Research Analyst), Amor Bayouli, Mcebisi Mkhwanazi, Nokuthula Nosizo Gwebu, Teresa Chemesunde Maru Munlo, Nicollete Mhlanga-Ndlovu Bonsile Faith, Barry Makhosonke Nxumalo. Ms Laure Vidaud provided administrative support.

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# Executive summary

## A. Background

1. As directed by the 131st session of IFAD's Executive Board in December 2020, the Independent Office of Evaluation (IOE) carried out the first country strategy and programme evaluation (CSPE) in the Kingdom of Eswatini in 2021.

2. **Objectives.** The CSPE aimed at: (i) assessing the results and performance of the IFAD strategy and programme in Eswatini; and (ii) generating findings and recommendations for future partnership between IFAD and the Government of Eswatini for enhanced development effectiveness and rural poverty alleviation. Furthermore, the CSPE was also intended to feed into the formulation of the third Eswatini results-based country strategic opportunities programme (COSOP).

3. **Scope.** The CSPE covered the period 2000-2021 and assessed the four IFAD strategic documents developed for the country, and the performance of the four lending operations and of the non-lending activities implemented over two decades. The CSPE also analysed the respective role and contribution of IFAD and the Government to the design and management of the overall country programme.

## B. Country context and IFAD's strategy and operations for the CSPE period

4. **Country context**. In Eswatini, despite significant improvements in poverty reduction over the evaluation period, rural poverty was still estimated at 70.2 per cent in 2016, largely associated with agriculture. Income inequality, one of the highest in the world, remained relatively stable over this period, with the Gini coefficient at 54.6 in 2016. People under 20 represent 46.5 per cent of the total population, though by 2019 population growth was slowing because of lower fertility rates and the effects of HIV and AIDS.

5. Food insecurity, rural undernutrition and urban obesity coexist in Eswatini. The prevalence of moderate and severe food insecurity touches 63 and 30 per cent of the population respectively, and in 2016 Eswatini ranked 83 out of 118 countries in the Global Hunger Index. The country is also highly vulnerable to climate change and recent drought episodes have had major macroeconomic and food security consequences. Recorded and projected climate trends point to a steady increase in temperature, more erratic rainfall and greater frequency and intensity of droughts and floods.

6. As for many other countries, the COVID-19 pandemic has further increased Eswatini's vulnerability, although vaccination was progressing at a reasonable pace in the last quarter of 2021. At the same time, civil unrest experienced in mid-2021 suggested that youth unemployment requires urgent structural interventions to provide young people with access to resources and opportunities.

7. **IFAD has partnered with Eswatini since 1983**. During the evaluation period, IFAD supported four lending operations, on both ordinary and intermediary terms, with US$41.35 million of a total portfolio value of US$351.7 million. IFAD has undertaken direct supervision of all interventions, an exception was made for the Lower Usuthu Smallholder Irrigation Project - Phase I (LUSIP I) where the Fund took on this role after the midterm review. Since 2000 there have been four country programme managers, all based in Rome until August 2018. Since then, a country director has been based in IFAD's regional hub in Johannesburg (South Africa). Over two decades, IFAD implementing partners in the country have been, and still are, the Ministry of Agriculture with the parastatal Eswatini Water and Agricultural Development Enterprise, and the Ministry of Finance, currently through the Centre for Financial Inclusion.

## C. Performance and rural poverty impact of the country strategy and programme

8. The relevance of IFAD's country strategy and programme was rated satisfactory. Through its operations, IFAD addressed the Government's goals of: reducing rural poverty and enabling rural smallholder producers' access to water and land; supporting a wide variety of value chains; and developing the national rural finance sector. However, highly complex project designs did not adequately consider the interconnectedness of components. This, compounded by several inaccurate initial assumptions – some of which recurrent across projects – affected implementation and results.

9. Adjustments during implementation, albeit only at midterm and not always clearly expressed, succeeded in enhancing the relevance of the country programmes to the needs of the rural population. Notably, IFAD was successful in addressing environmental aspects by leveraging resources and integrating Global Environment Facility (GEF) grants in its lending operations. Targeting improved over time in terms of definitions and criteria used to reach the intended groups of rural poor.

10. **Coherence.** The CSPE assessed the coherence of IFAD's country strategy and programme as satisfactory. Knowledge management was assessed as moderately satisfactory, partnership-building as moderately unsatisfactory and policy engagement as satisfactory. IFAD's strategic positioning was assessed as adequate and grants were found to be well integrated in IFAD's programme in the country, although this was unplanned in some cases. The CSPE also found that lessons were assimilated satisfactorily at the strategic level and across the portfolio, but a less positive performance of the monitoring and evaluation (M&E) systems at the project level. The latter were not developed sufficiently to document progress and contribution to livelihood changes. Most partnerships developed pertained more to contractual relationships than to collaboration among peers, which led to some missed opportunities. Most recently, at project level, constructive collaboration was emerging with the Rome-based agencies. Policy dialogue was highly successful in the rural finance sector, though less so in other areas.

11. **Effectiveness** of IFAD's country strategy and programme was rated moderately satisfactory. Results of IFAD's country programmes varied significantly across the four thematic areas identified by the CSPE and at the different levels of intervention. Tangible results at the policy and institutional levels in the rural finance sector paved the way to potential improvements in access to financial resources for small-scale producers, but they have not fully materialized yet because rural finance is a necessary, but not a sufficient, element for value chain development.

12. IFAD-supported interventions contributed to integrating smallholder farmers into the industrial and export-oriented sugar value chain and to establishing a key participatory process for community development. However, results regarding the development of pro-poor and local value chains were mixed at the time of the CSPE. Value chains thrive when all actors participate in their management and equitably share in benefits. But this was not yet the case in Eswatini, with the partial exception of the sugar cane industrial value chain. Overall, the prospects for local value chains were unclear. Although the new cluster approach proposed by the Financial Inclusion and Cluster Development Project (FINCLUDE) may prove successful, challenges related to absence of fair pricing for agricultural products, the high cost of imported inputs and limited access to land, in particular for women and youth, remain. They will not disappear with different farmers' organizations and will only be addressed through more structural interventions.

13. The inclusiveness of interventions fell short of commitments at the strategy level, although recent improvements in reaching youth deserve praise. Importantly, the CSPE found that the community development plans and the community

development committees appeared to be deeply participatory and contribute to build ownership, self-regulation and sustainability. It should also be noted that some people with disabilities took part in project activities. Direct CSPE observations at field level suggest, however, that ongoing projects may not be reaching the more vulnerable households, considering that actual participants are rural smallholder producers who have some access to land and labour. This is a recurrent tension in IFAD's projects and can only be resolved through careful profiling of participants and tailoring of activities according to their capacity, interest and potential to change their livelihoods. In doing so, the graduation approach may help as long as the "undergraduates" are not left behind in the drive to meet project targets.

14. **Innovation** was rated satisfactory. First, IFAD's support led to the development of the rural finance sector that did not exist before in the country. Furthermore, IFAD introduced the chiefdom development plans and the farmer companies concepts and approaches, which enable the participation of rural communities and small-scale producers in key decisions affecting their livelihoods. At the time of the CSPE, IFAD was also promoting the cluster approach, another way of engaging smallholder producers in local value chain operations. Furthermore, IFAD was quite innovative in bringing to Eswatini varieties of the Orange-fleshed Sweet Potato and piloting the establishment of mini feedlots for beef, associated to the on-farm cultivation of fodder crops to be mixed with other residues to produce low-cost animal feed and fatten animals for the market.

15. **Efficiency** of IFAD's country strategy and programme was rated moderately satisfactory. Entry-into-force and first disbursement came later than average for IFAD in the region, although improvements were achieved over time. Disbursement rates were variable across projects. Project management costs were above IFAD's standards for one project only, while the efficiency of another lending operation was significantly affected by slow procurement and administrative and staffing challenges. Implementation arrangements appeared effective with the ministries concerned and their executing agencies, but difficulties have emerged across interventions regarding contracts and memorandums of understanding regulating collaboration with service providers, other governmental entities and NGOs. In this regard, the CSPE found no evidence of a careful assessment of the different modalities of execution of IFAD-supported projects.

16. **The rural poverty impact** of IFAD's country strategy and programme was rated as moderately satisfactory. Evidence about impacts was largely anecdotal due to the late implementation of baseline surveys, weak M&E systems, and impact survey methodologies that were not sufficiently robust. Positive impacts on food security, nutrition, incomes and assets were almost exclusively registered for smallholder farmers in the sugar cane value chain. However, the same group was also facing risks of diminishing returns from their main productive activity, which might jeopardize all positive achievements so far. IFAD interventions had a positive impact at the central institutional level in terms of individual and organizational capacity, as well as on the human and social capital of many participants through training. Conversely, negative impacts were reported on the sense of identity of the resettled communities in the LUSIP I irrigation scheme.

17. **Gender equality and women's empowerment** was rated moderately satisfactory. Women made up a large share of participants in the IFAD country programmes, but this was mostly due to the fact that women play a major role in smallholder agriculture in Eswatini rural society. Some anecdotal evidence of women's empowerment was found, namely women's active participation in the chiefdom development plans and chiefdom development committees, also in official roles. Importantly, ongoing projects were giving more attention to gender equality, with recruitment of competent staff and the development of gender strategies. The development of local value chains was also generating some initial positive results

in the incomes and household conditions of participating women. Still, the CSPE considered that there was significant room for improvement to make IFAD's interventions gender transformative.

18. **Sustainability** of IFAD's country strategy and programme was rated moderately satisfactory. The socio-economic and technical sustainability of the oldest IFAD-supported intervention (on irrigation infrastructure and in support of smallholder producers) was found to be at risk regarding the economic, institutional and technical sustainability of the sugar cane smallholders' production scheme in the LUSIP I project development area. Identified issues relate to: the poor organization of the operation and maintenance of the tertiary irrigation infrastructure; the low compliance of the contractual agreements on farmer companies' access to water; decreasing returns to sugar cane due to higher production costs and lower yields; farmer companies' inability to invest in sugar cane regeneration; and the mixed results of alternative crops to sugar cane. These deserve serious attention if the Government wants to avoid losing the benefits of its significant investments. Conversely, results in the rural finance sector were found to be sustainable, though mostly at the institutional and policy levels, and less at the level of intermediary organizations and producers.

19. **Scaling up** was rated satisfactory, with evidence indicating that several of IFAD's results and innovations were scaled up directly by the Government. These include the chiefdom development plans, the farmer companies and the practices in rural finance that have proved suitable and appropriate in the Eswatini context.

20. **Environment and natural resources management and adaptation to climate change** were both rated satisfactory. The country programme was systematic in addressing environment and natural resources management and climate change adaptation, either directly or through additional resources leveraged from the GEF. Positive results included adaptation to climate change threats, efficient use of water resources, addressing land degradation and improving carbon sequestration, as well as wider access to improved sanitation and potable water. Notably, longer-term environmental impacts of the LUSIP I irrigation scheme appear limited, although sustained attention to potential negative impacts including at larger scale, for example on downstream water quality, will be required. Importantly, IFAD-supported programmes have carried out extensive capacity development on environmental and natural resource management and have played an advocacy and awareness-raising role.

## D. Performance of partners

21. **IFAD.** IFAD's presence in, and support to, Eswatini over the evaluation period was in line with the size and complexity of the portfolio and the Fund's policies regarding decentralization and the seniority of country programme managers. In general, IFAD's engagement and support is well appreciated by stakeholders at all levels. The same was found for the professionalism and timeliness of supervision missions, despite a somewhat high turnover of members. The latter aspect did not, however, appear to have significantly hampered project performance.

22. Weaknesses were, conversely, found regarding support to the M&E system across the country programme. Mostly due to scarce attention paid by project implementation units, the project monitoring systems did not provide timely information to programme managers about who was participating in, and who was left out of, project activities, and why. Also missing were sound data on what did and did not work at the household and community levels. Additional gaps in information concerned the work of executing partners, as no relevant and measurable indicators and targets had been agreed or were monitored. Furthermore, there were limited efforts to achieve a shared vision and understanding of projects' goals and approaches; nor were structural challenges to

rural poverty reduction addressed. Overall, IFAD’s performance was rated moderately satisfactory.

23. **Government of Eswatini**. The CSPE found that overall, the Government of Eswatini has been an adequate partner in all IFAD-supported projects and that over time, the project approval process improved. Government’s ownership of IFAD’s lending operations was high, also through a good level of national participation in project design, which did not, however, include the views of field staff. Project steering committees were generally effective, in spite of the challenge of turnover of participants. The Government adequately complied with loan covenants and did successfully follow up in terms of policy uptake and implementation in the rural finance sector, though not in other areas.

24. The main weaknesses related to the development of project baseline databases and the establishment and functioning of M&E systems. The late – and methodologically questionable – collection of baseline data about participants, and the weak follow-up by project teams, made it impossible to produce reliable information about the results and impacts of IFAD-supported projects. Regarding procurement, considering IFAD’s timely support through training and expert advice, the main reasons behind delays appeared to be staffing challenges and insufficient follow-up by project management units. Overall, the Government’s performance was rated as moderately satisfactory.

## E. Conclusions

25. The partnership between IFAD and the Government of Eswatini over 20 years has been constructive and fruitful, and has produced tangible positive results and impacts. IFAD-supported strategies and programmes have contributed to implementing national policies and strategies in support of rural smallholder producers. IFAD-supported programmes addressed very diverse development challenges and engaged with a variety of intervention models. These included: support to industrial and local value chains; investing in both large- and small-scale irrigation and water management schemes; laying the foundations of a national rural finance system; and providing smallholders with access to financial products suited to their needs. Over time, some tangible positive results were achieved and many participants in these programmes saw their livelihoods improve.

26. At the same time, results and impacts were not always as expected. The most common obstacles throughout the evaluation period comprised design oversights that led to unforeseen implementation challenges. These included gaps in addressing identified problems; limited national capacities in M&E and procurement; occasionally insufficient supervision support; shortcomings in capacity development, which undermined the long-term institutional and technical sustainability of major investments.

27. IFAD’s strategies for Eswatini did adequately address some of the key challenges facing poor rural producers. Indeed, the programme contributed to major achievements such as the development of an inclusive national rural finance sector, the participation of smallholder farmers in a variety of value chains and the promotion of participatory community development. Still, fundamental constraints to achieving sustainable livelihoods and significantly reducing rural poverty were not sufficiently addressed. For example, IFAD made only limited attempts at making smallholder producers more self-reliant, and did not succeed in giving a stronger voice to producers in value chain innovation platforms; establishing effective water users’ associations; promoting more empowering approaches to capacity development; and reducing smallholders’ dependence on imported inputs. Also, facilitating access to land for youth and women had only recently been slightly touched upon. These are issues fully within IFAD’s mandate and reach, in particular by building on its own comparative advantage and developing alliances with peer partners and national stakeholders.

28. The sustainability of major investments in irrigation infrastructure and in support of smallholder producers' engagement in the industrial, export-oriented sugar value chain is at risk. Significant threats are emerging with regards to the economic, institutional and technical sustainability of the sugar cane smallholders' production scheme in the LUSIP I project development area. Unless these threats are addressed soon, the livelihoods of thousands of households risk being seriously affected, together with their food security and relative economic well-being.

29. Complex implementation arrangements have affected the efficiency and effectiveness of the country programme and raise questions about the most effective approach in future. Moreover, the CSPE identified M&E and procurement as major weaknesses that affected the performance of the country programme. Implementation arrangements deployed throughout the country programme were very complex and complicated, and possibly lacked clarity as to the roles and responsibilities of implementing and executing agencies, service providers and executing partners. Issues of access to resources, as well as of coordination of activities at grassroots level, also emerged and affected results. In addition, no evidence was available of adequate lessons having been learned. Nor was there any discussions around the most effective role for the Government in providing services to rural producers, either directly or through parastatals, the private sector or the non-profit sector.

## F. Recommendations

30. The CSPE makes the recommendations below, building on the positive achievements so far, which would enable IFAD to make an even stronger contribution to improving the livelihoods of poor rural smallholder producers (women and men) in Eswatini. Most issues, including the negative impact of the COVID-19 pandemic on ongoing operations, require continuous attention and efforts.

31. **Recommendation 1. IFAD should address, through its strategy and programme in Eswatini, the fundamental constraints that prevent rural smallholder producers, women and youth, from achieving more sustainable livelihoods.** Most prominent issues requiring attention include access to land, dependency on imported inputs for agriculture and livestock, and strengthening and empowering producers' organizations in both irrigated and rainfed agriculture.

32. **Recommendation 2. IFAD should further engage, at least in an advocacy and advisory role, in addressing emerging threats to the livelihoods of smallholder producers who have their holdings in the LUSIP I** Project Development Area (**PDA)**. IFAD and the Government should collaborate in developing a programme aimed at tackling the challenges faced by the producers of irrigated sugar cane and other crops in the LUSIP I PDA so as to avoid the collapse of the scheme and of the livelihoods of those who depend on it. Programme development should be followed by an effort to leverage resources for its implementation.

33. **Recommendation 3. IFAD and the Government of Eswatini, drawing on the rich lessons learned over time, should define which are the most efficient and effective implementation arrangements for their joint initiatives, that will also allow smallholder producers to benefit the most.** The thrust of this recommendation entails an explicit discussion with the Government about the advantages and disadvantages of the various implementation arrangements deployed so far, to identify what will be the best approach that maximizes positive results for the intended target population. The currently ongoing projects represent an opportunity to contribute to the development of an efficient and effective model of collaboration across government-level organizations, parastatals and other stakeholders.

34. **Recommendation 4. Project monitoring and evaluation systems and procurement units should be considered fundamental pillars of project management and be adequately staffed and capacitated to perform in an effective and efficient manner.** IFAD should continue to provide enhanced support on these topics during implementation, while project management units should ensure the necessary follow-up. The project M&E systems should also consider including indicators that contribute to the Government's own databases.

# Main Report
# Country Strategy and Programme Evaluation
# Kingdom of Eswatini

## Contents



**Appendices**

*The appendices are available upon request from the Independent Office of Evaluation of IFAD (evaluation@ifad.org).*

# Currency equivalent, weights and measures

## Currency equivalent

| | | |
|---|---|---|
| Currency unit | = | Eswatini Lilangeni |
| US$1.00 | **=** | SZL 14.35 (May 2021) |

## Weights and measures

| | | |
|---|---|---|
| 1 kilogram | = | 1000 g |
| 1 000 kg | = | 2.204 lb |
| 1 kilometre (km) | = | 0.62 mile |
| 1 metre | = | 1.09 yards |
| 1 square metre | = | 10.76 square feet |
| 1 acre | = | 0.405 hectare |
| 1 hectare | = | 2.47 acres |

# Abbreviations and acronyms

| | |
|---|---|
| ACP | Agreement at Completion Point |
| ADEMU | LUSIP I Agricultural Development and Environmental Management Unit |
| CFI | Centre for Financial Inclusion |
| COSOP | country strategic opportunities paper/programme |
| CSARL | Climate Smart Agriculture for Resilient Livelihoods Project |
| CSNs | country strategy notes |
| CSPE | country strategy and programme evaluation |
| ESA | East and Southern Africa Regional Division of IFAD |
| ESNAU | Eswatini National Agricultural Union |
| ESWADE | Eswatini Water and Agricultural Development Enterprise |
| EC/EU | European Commission/Union |
| FAO | Food and Agriculture Organization of the United Nations |
| FC | Farmer Company |
| FINCLUDE | Financial Inclusion and Cluster Development Project |
| GDP | gross domestic product |
| GEF | Global Environment Facility |
| HDI | Human Development Index |
| IFAD | International Fund for Agricultural Development |
| ILRI | International Livestock Research Institute |
| IOE | Independent Office of Evaluation of IFAD |
| LUSIP | Lower Usuthu Smallholder Irrigation Project |
| LUSLM | Sustainable Land Management Project |
| M&E | Monitoring and evaluation |
| MoU | Memorandum of Understanding |
| MTR | mid-term review |
| NRM | Natural resources management |
| ODA | official development assistance |
| OECD | Organisation for Economic Co-operation and Development |
| PIU | project implementation unit |
| PMU | project management unit |
| RFEDP | Rural Finance and Enterprise Development Programme |
| SMLP | Smallholder Market-led Project |
| SMME | Small, Micro and Medium Enterprise |
| SNL | Swazi National Land |
| UN | United Nations |
| UNDP | United Nations Development Programme |
| VC | Value Chain |
| WUAs | Water Users Association |
| WFP | World Food Programme |

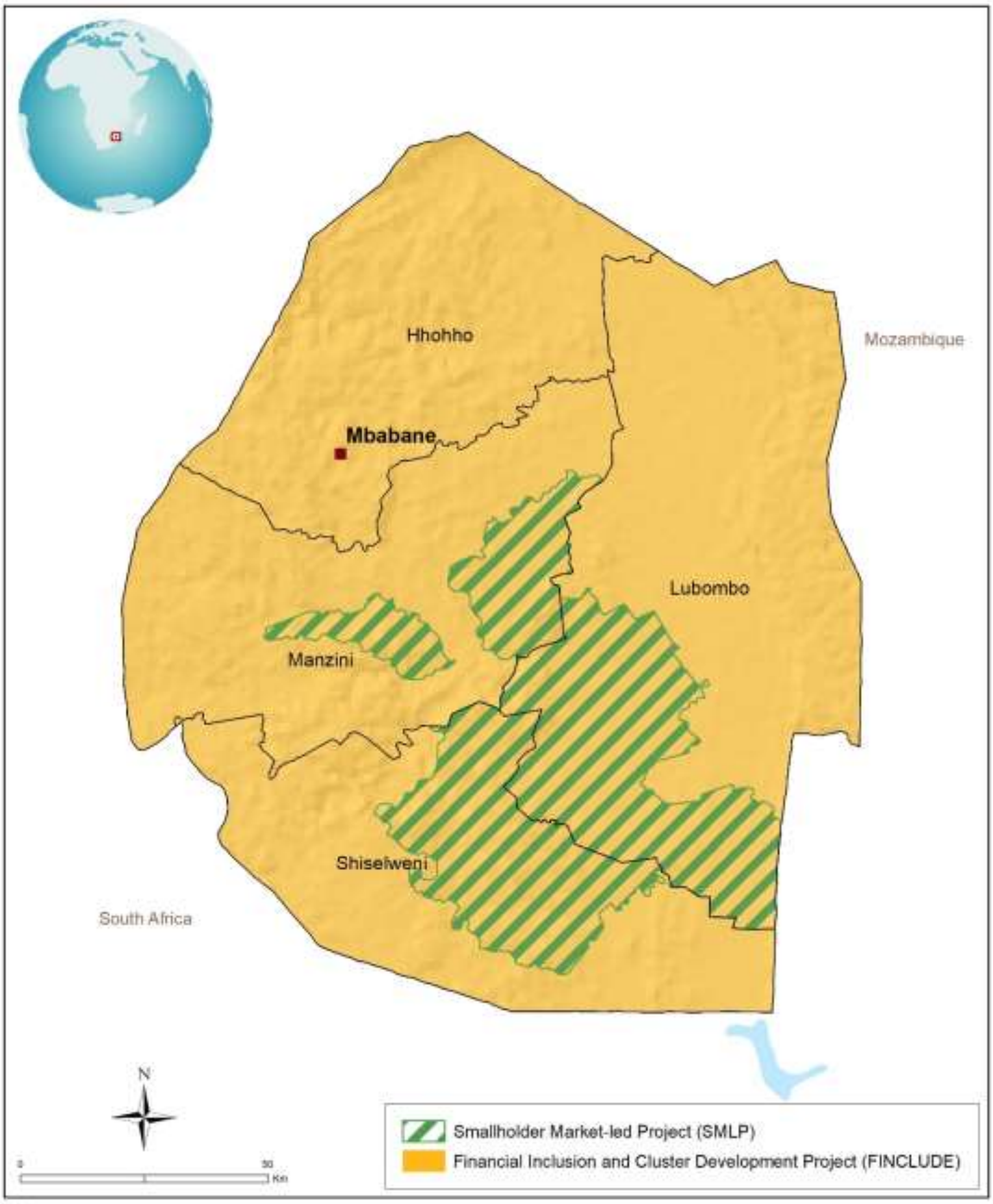
# Map of IFAD-supported operations in Kingdom of Eswatini

## Ongoing operations

**Kingdom of Eswatini**

IFAD-funded ongoing operations

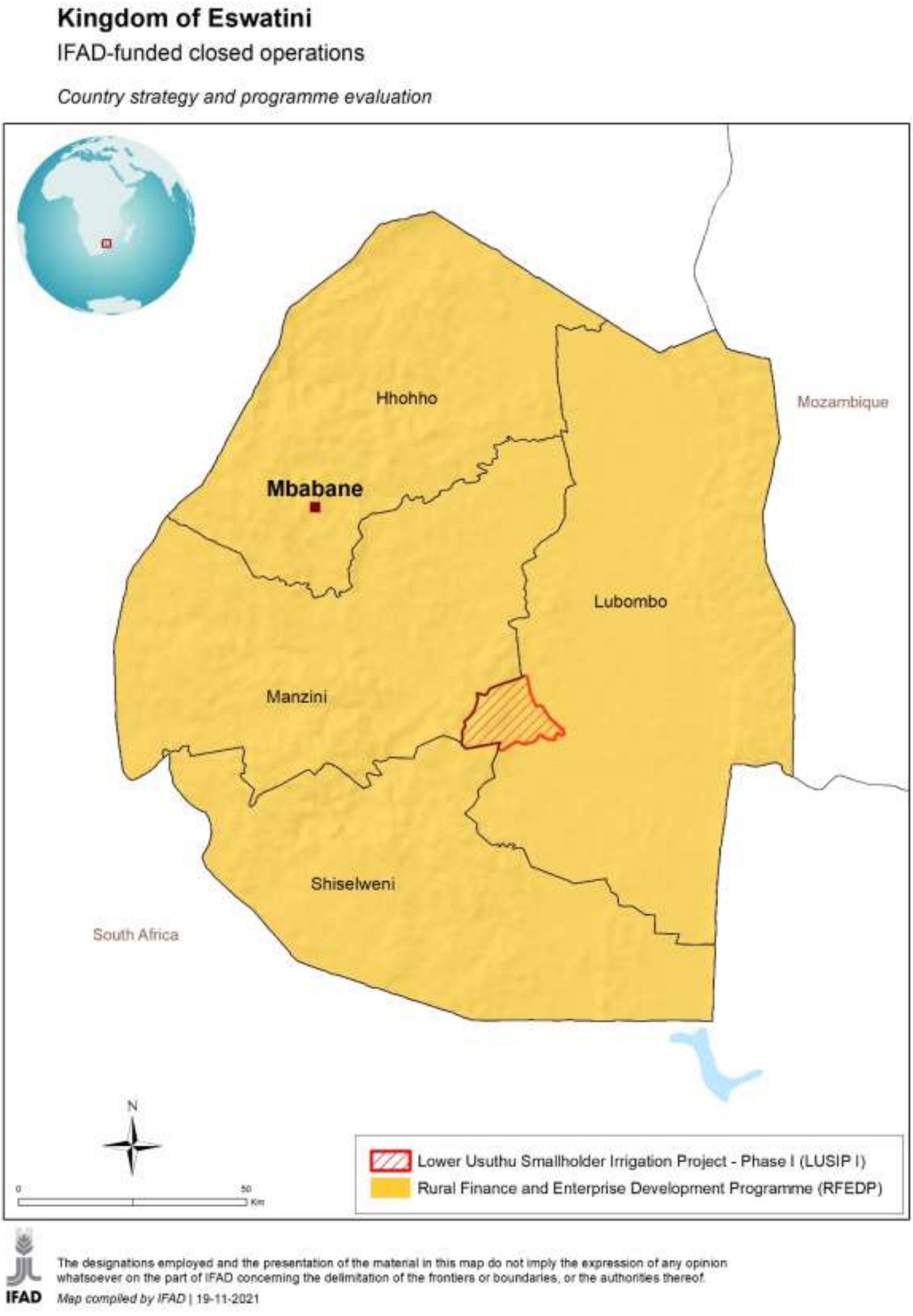
*Country strategy and programme evaluation*




The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

IFAD *Map compiled by IFAD* | 19-11-2021

**Closed operations**



# Kingdom of Eswatini
# Country Strategy and Programme Evaluation

# I Background

## A. Introduction

1. In line with IFAD's Evaluation Policy[1] and as approved by the 131st session of the IFAD Executive Board in December 2020, the Independent Office of Evaluation (IOE) carried out the first Country Strategy and Programme Evaluation (CSPE) in the Kingdom of Eswatini in 2021. Previous evaluations conducted by IOE in the country included the Project Performance Evaluation (PPE) of the Rural Finance and Enterprise Development Programme (RFEDP) conducted in 2019 and the Project Completion Report Validation (PCRV) of the Lower Usuthu Smallholder Irrigation Project (LUSIP) phase I, in 2016. The CSPE was launched in April 2021, the Approach Paper was shared with stakeholders in late May 2021 and the data gathering steps were completed in October 2021, due to the restrictions of movement due to the COVID-19 pandemic and the civil unrest in Eswatini.[2]

2. IFAD began operations in Eswatini in 1983.[3] Since then, IFAD and the Government of Eswatini articulated their partnership around two Country Strategic and Opportunities Paper (COSOPs), for the periods 1999-2006 and 2007-2011; and two Country Strategy Notes (CSNs), for the periods 2017–2019 and August 2020–December 2021. The CSPE assessed IFAD's operations in the period 2000-2021, that comprised the approval and implementation of four investment projects, two of which were complemented by grants, and several self-standing grants. In addition, IFAD promoted knowledge management, partnership building and contributed to policy dialogue on important themes for rural and agricultural development in the country.

3. **The total envelope of IFAD-supported loans.** Since 1983 until 2021, IFAD has provided loan- and grant support to Eswatini, for the total amount of US$54.5 million.[4] Since 2000, the IFAD portfolio in Eswatini comprised four loan-financed projects for a total project cost of US$351.7 million, with a share funded by IFAD of US$41.3 million (11.7 per cent).[5] Currently, IFAD loans to Eswatini are on ordinary terms.[6]

4. The report is structured as follows: Section I discusses the CSPE objectives, methodology and process; Section II presents the country context and the IFAD strategies and operations over the period under evaluation; Section III discusses the performance of IFAD strategies and programmes by evaluation criteria; Section IV discusses the performance of IFAD and the Government of Eswatini in managing the country programme; and Section V presents the conclusions and the recommendations of the CSPE. Annexes provide detailed information on various aspects, including a detailed assessment of the projects contributing to the establishment of the rural finance sector in the country.

## B. Objectives, methodology and process

5. **The main CSPE objectives**. In accordance with the IOE Evaluation Manual (2015),[7] the CSPE aimed at: (i) assessing the results and performance of the IFAD strategy and programme in Eswatini; and (ii) generating findings and

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[1] https://www.ifad.org/en/web/ioe/policy
[2] Annex I presents the IOE evaluation criteria and Annex II, the CSPE Approach Paper.
[3] The first project was approved in April 1983 and the entry into force was in 1985.
[4] Of the six loan-supported projects by IFAD since inception, the CSPE did not assess the Smallholder Agricultural Development Project, approved in 1983, and the Smallholders Credit and Marketing Project, approved in 1993.
[5] Annex III reports these data in table format.
[6] The lending terms for RFEDP were reduced in July 2008 from ordinary to intermediate on an exceptional basis in consideration of several reasons related to the social and poverty situation in the country.
[7] https://www.ifad.org/en/web/ioe/evaluation/asset/39984268

recommendations for the future partnership between IFAD and the Government of Eswatini for enhanced development effectiveness and rural poverty alleviation. Furthermore, the CSPE also intended to inform the formulation of the third Eswatini results-based COSOP, under elaboration in 2021.

6. **Scope**. The CSPE captured the four IFAD strategic documents developed for the country and the projects that have been operational over the last two decades. It covered the explicit and implicit “strategy” pursued (the last COSOP/CSN and any other non-written strategy emerging from interviews with key stakeholders), the interlinkages and synergies among different elements of the country strategy and programme (lending portfolio and non-lending activities) and the role and contribution of IFAD and the Government to the design and management of the overall country programme.

7. **The lending portfolio**. This comprised four projects, two closed and two ongoing, which were evaluated according to their level of disbursement and advancement, as presented in Table 1. The CSPE also considered two grants funded by the Global Environment Facility (GEF) as part of the lending portfolio, considering that their approval and implementation were fully tied to two IFAD-funded projects. The first, the Sustainable Land Management Project (LUSLM)[8] complemented LUSIP I; and the Climate Smart Agriculture for Resilient Livelihoods Project (CSARL), still on-going at the time of the CSPE, was supporting the Smallholder Market-led Project (SMLP).[9]

Table 1
**Evaluation criteria covered for IFAD-supported projects by the CSPE**

| *Project Name and acronym* | *Implementation period* | *% disbursement** | *Evaluation criteria covered by the CSPE* |
|---|---|---|---|
| Lower Usuthu Smallholder Irrigation Project - Phase I (LUSIP-I) | 2004-2013 (completed) | 91% IFAD<br>100% GEF | All criteria |
| Rural Finance and Enterprise Development Programme (RFEDP) | 2010-2016 (completed) | 87.2% IFAD | All criteria |
| Smallholder Market-led Project (SMLP) | 2016-2022 (ongoing) | 61% IFAD<br>44% GEF | Relevance, coherence, efficiency, effectiveness |
| Financial Inclusion and Cluster Development Project (FINCLUDE) | 2019-2025 (ongoing) | 31% IFAD | Relevance and coherence |

Source: Data from ORMS. Disbursement rate as of 18 October 2021.

8. **Non-lending portfolio and activities**. During the period under evaluation, IFAD funded 11 self-standing regional grants.[10] Two grants had been approved through the Rural Poor Stimulus Facility (RPSF) and were still at the incipient stage at the time of the CSPE; and third one was still on-going, hence none of the three was assessed. Among the others, five had engaged with Eswatini to a significant extent, but the canvassed information was sufficient for the evaluative assessment of only three of them. The CSPE also analysed non-lending activities, e.g., Knowledge Management, Partnership Building and Policy Dialogue.

9. **Thematic areas and cross-cutting issues.** During the preparatory phase, the CSPE identified four key thematic areas that had been addressed by IFAD in Eswatini during the evaluation period, as follows:

i) Promotion and development of an inclusive rural finance policy in Eswatini;

ii) Support to smallholder farmers’ access to markets through the development of local and export-oriented agricultural value chains;

[8] The grant was also often called LUSIP-GEF; the CSPE opted for the LUSLM acronym.
[9] See Annex IV for the budgetary details and timeline of the IFAD lending portfolio and associated grants.
[10] See Annex V for details on each grant.

iii) Promotion of sustainable water resources conservation and irrigation management; and

iv) Promotion of sustainable and innovative approaches for livestock value chains development.

10. The portfolio was also characterised by two cross-cutting issues, which were given thorough consideration by the evaluation, namely (i) Environmental sustainability of the natural resources and water management and agricultural development practices; and (ii) Inclusive targeting approach that considered the severe challenges faced by a) women and youth in terms of access to resources including land; and b) People living with HIV and AIDS and their households.

11. **Methodology and process**. The CSPE was conducted according to the IFAD's Evaluation Manual,[11] and used the following evaluation criteria for both lending and non-lending initiatives, as appropriate: (i) relevance, (ii) coherence, (iii) effectiveness, including results on environment and natural resources management and climate change resilience and adaptation, (iv) efficiency, (v) impact on rural poverty[12] and on gender equality and women's empowerment, (vi) sustainability, including scaling-up by Government and other development partners, (vii) performance of IFAD and Government as partners.

12. The CSPE included three main phases, during which it deployed a variety of tools to canvass qualitative and quantitative data from various sources (triangulation) and contribute to its analysis and assessment, as follows:

- In-depth desk review of documentation about: IFAD strategy (COSOP/CSN design documents and any review/completion report available); portfolio of IFAD projects and grants (design documents, mid-term reviews, portfolio reviews, supervision and completion reports, IOE validation of completion reports and project evaluations); studies and other documents from other organizations; Government policies, strategies and other secondary data;[13]
- Remote interviews with key stakeholders, including Government representatives, IFAD staff and consultants, NGO and private sector actors, project end users and other development partners; in total, the CSPE met 118 persons in 50 different organizations, including Government of Eswatini, financial institutions, private sector, Non-Governmental Organizations and UN organizations;[14]
- Self-assessments by the project teams and IFAD management: project teams and IFAD (Eastern and Southern Africa/ESA Regional Division) prepared their respective self-assessments, based on a list of key questions provided by IOE;
- Field visits and phone interviews by national consultants to capture the perspectives of end users, local authorities and other key stakeholders on the project intervention sites; in total, the CSPE team met 127 persons, among whom 79 women, 48 men 18 of whom were youth, who had taken part in IFAD-supported projects.

13. **Reporting and dissemination.** The advanced draft report, after peer review within IOE, was shared with IFAD divisions, the Government and the Project Management Units (PMUs). Their comments were taken into account in finalizing

[11] The Manual was under development at the time of the CSPE. The evaluation criteria have been redistributed to better reflect the focus on the country strategy and programme. The new OECD-DAC criteria are also included, for instance, internal and external coherence of interventions.
[12] As per IOE evaluation manual, impact includes four domains: household incomes and net assets, human and social capital and empowerment, food security and agricultural productivity, and institutions and policies.
[13] Annex VI includes the bibliography of the CSPE
[14] Annex VII includes the complete list of people met; the CSPE team visited the following Chiefdoms: KaGamedze, KaMkhweli,Ka Mamba, KaMagele, eNceka, KaNdinda, KaNgcamphalala, eNhlalabantfu, eNhletjeni, eNgololweni, eShiselweni

the report, presented to national and IFAD stakeholders in a virtual national workshop in late January 2022, to discuss the main findings and recommendations. The final report will be posted on IFAD's public website, websites maintained by the UN Evaluation Group, the Evaluation Cooperation Group, the OECD-DAC Evaluation Networks, as well as other relevant websites.

14. **Agreement at Completion Point**. According to the IFAD Evaluation Policy, CSPEs conclude with an Agreement at Completion Point (ACP), that presents the main findings and recommendations contained in the evaluation report that the Government and IFAD's Programme Management Department (PMD) agree to adopt and implement within a specific timeline. IOE's responsibility is to facilitate the process leading to the ACP preparation and signature. After the Government and IFAD-PMD have agreed on the main follow-up actions, the ACP will be shared with IOE for review and comments and thereafter signed by the Ministry of Finance and the IFAD's Associate Vice President for Programmes. The ACP will be included in the final published report and presented as an annex in the COSOP document when this is discussed with the Executive Board of IFAD.

## Limitations

15. **The first main evaluation limitation was the less than satisfactory quality of data generated by the Monitoring & Evaluation mechanisms and the impact studies carried out at completion of both LUSIP and RFEDP.**[15] The RIMS surveys could not be used because of the low relevance of their indicators to project activities. An additional factor was the timing of the CSPE in relation to the completion dates of LUSIP I and RFEDP, eight and three years later respectively. Among the many events that have occurred since that could impact livelihoods, two were particularly relevant: the 2016-2017 drought in Eswatini, that had profound consequences on national food security; and the COVID-19 pandemic that was still impacting negatively in 2021 on markets, incomes and livelihoods in the country and globally.

16. The mitigating measures adopted by the CSPE included a systematic search for, and request to interlocutors in all institutions met as well as project beneficiaries, for quantitative data and anecdotal evidence about results and impacts. Overall, although rich and useful anecdotal insights were canvassed at all levels, little quantitative information was eventually available. All the evidence available was taken into due account in the CSPE analysis.

17. **The second main limitation met by the CSPE was the restriction of movements**. The CSPE knew from its inception that travel of international consultants to Eswatini would not be possible due to the Covid 19 pandemic. This restriction also applied, eventually, to a regional consultant. An unexpected and additional obstacle was the civil unrest that erupted in Eswatini in early July 2021, at the very time when the field visits were planned. This obliged postponing the field work by three months and reducing its duration. A team of three national consultants spent five days visiting project sites and conducting interviews with individuals and groups that had participate in project initiatives. This was followed by phone interviews with community members identified during the field visits.

18. The main approach selected to mitigate this challenge was a strong interaction among team members to enable exchange of experience and knowledge that would result in detailed guidance for the field visits by national consultants. Nevertheless, some aspects of the data-gathering and analysis suffered. Some interlocutors were not reachable despite many attempts, which led to lack of first-hand information on

[15] The baseline studies were carried out too late in the project life and the impact studies could not related their findings to the projects' achievements. Also, the RFEDP baseline data were combined with data emerging from the LUSIP I completion as a control group.

a few grants; and information canvassed regarding targeting and inclusion of HIV and AIDS affected participants was limited overall.

**Key points**

- The CSPE evaluated IFAD's strategies and operations in Eswatini over the period 2000-2021;
- Over this period, IFAD's strategy in Eswatini was embedded in two COSOPs and two Country Strategy Notes and its portfolio comprised four loan-financed projects for a total project cost of US$351.7 million. IFAD contributed US$41.3 million (11.7 per cent); in 2021, two loans were completed; one was past-Mid-Term review; and one had recently started;
- The CSPE met two main limitations: poor data from projects' Monitoring and Evaluation systems; and COVID-19 and national unrest related restrictions to movements, which delayed the timing of the field work and its breadth and depth.

# II Country context and IFAD's strategy and operations for the CSPE period

## A. Country context

### Overview

19. **The Kingdom of Eswatini[16] is a small landlocked country.** Located between the Republic of South Africa and the Republic of Mozambique, Eswatini occupies 17,364 square kilometres that spread across six agroecological zones.[17] The country has 4 administrative regions, 59 *Tinkhundla*[18] (districts) and 365 chiefdoms (communities). In 2019, the population was reported at 1.1 million, with more than 70 per cent living in rural areas. The country is experiencing an increase in migration with more people moving to major cities and neighbouring South Africa in search of employment opportunities.[19]

20. **Eswatini has been independent since 1968.** The current constitution was adopted in 2005 and elections are held every five years to determine the House of Assembly and the Senate majority. In April 2018, the official name was changed from Kingdom of Swaziland to Kingdom of Eswatini, mirroring the name commonly used in Swazi. The country adopted a policy of decentralisation in 2006 using regional and *Tinkhundla* level tiers to promote rural development and local management. The Ministry of Tinkhundla and Administrative Development (MTAD) is responsible for local governance and coordinates and supports the Chiefdom Development Planning (CDP) process, which enables communities and local authorities to develop land use and development plans.

21. **In Eswatini, access to land follows a dual legal and tenure system**, whereby the Swazi National Lands (SNL) and Title Deed Land (TDL), which account for 54 and 46 per cent of land area respectively, co-exist. The bulk of high value crops (sugar, forestry, and citrus) are grown in TDL, thanks to high levels of investment and irrigation. SNL is held in trust by the King and administered by the traditional Chiefs on his behalf. It is mainly occupied by small-land holdings averaging 0.5 hectares per household, typically cultivated with rain-fed maize, mixed cropping with limited vegetable and fruit production. SNL also hosts communal grazing land for livestock. [20]

22. **Eswatini is highly vulnerable to climate change.** Recent drought episodes have had important macroeconomic and food security consequences.[21] The recorded and projected climate trends point to a steady increase in temperature, more erratic rainfall patterns, and greater frequency and intensity of droughts as well as floods. The ND-Gain Index (137 out of 181 countries in 2018) indicates the country’s high vulnerability to climate change coupled with a low readiness to improve resilience.[22]

### The economy

23. **Eswatini is a lower middle-income country, and its economy is closely tied to the Republic of South Africa.** Over the period 2010-2019, the Gross Domestic Product (GDP) growth slowed down when compared to the previous decade (2.6 per cent against 3.4 per cent on average), below the average of most Southern

[16] Hereinafter called Eswatini for ease of reference.
[17] Highveld, upper middle-veld, lower middle-veld, western lowveld, eastern lowveld and Lubombo Range Global.
[18] An Inkhundla is a Parliamentary Constituency and the lowest tier of civic government composed of 3-9 chiefdoms, governed by Chiefs assisted by an Inner Council, and community committees. (CSARL – GEF project, 2015).
[19] Eswatini Zero Hunger Strategic Review, 2018 and World Bank databank, databank.worldbank.org.
[20] IFAD, CSN, 2017; CASP, 2005; IFAD, 2012; MoA Strategic Plan 2018- 2023; IFAD-GEF, CSARL project, 2015.
[21] The 2015/2016 El Niño-induced drought costed the country over 7 per cent of GDP resulting in about 25 percent of the population becoming food insecure (Eswatini Zero Hunger Strategic Review, 2018).
[22] The Notre Dame Global Adaptation Initiative (ND-GAIN) Country Index considers vulnerability in six life-supporting sectors (food, water, health, ecosystem services, human habitat and infrastructure) and readiness by considering three components (economic readiness, governance readiness and social readiness).

African Development Community countries.[23] Trade with the Republic of South Africa accounts for approximately 85 per cent of imports and 60 per cent of exports.[24] Receipts from the Southern Africa Customs Union are the largest single contributor to the revenue base. [25][26] The national currency, the Lilangeni, is fixed at parity with the South African Rand, which is considered to be a disadvantage.[27] The net flow of foreign direct investment decreased from 2000 to 2017, though it was recovering in 2019, at 2.9 per cent of GDP. Remittances showed a steep increase in the last decades and represented 3.2 per cent of GDP, thus making an important contribution to family incomes, before the COVID-19 pandemic.

24. **The economy is driven by the industry and service sectors, with manufacturing directly linked to agriculture products.** Services and manufacturing remain dominant sub-sectors accounting for 53.1 and 30 per cent of GDP in 2019, respectively, while agriculture, forestry and fishing accounted for about 9 per cent. Although agriculture's direct contribution declined from 12.3 in 2000 to 8.8 in 2019 (value added of the primary sector as % GDP), its indirect contribution has increased through industrial agro-based manufacturing.

25. **Enterprise and private sector development are stifled by limited access to financing and markets.** The number of Small, Micro and Medium Enterprise (SMME) business owners in Eswatini in January 2017 was 59,289, 26 per cent of which operating in the agricultural sector.[28] The Government has established a policy framework and created various institutions to address the challenges faced by SMMEs.

26. **Despite considerable national progress on inclusive finance, large gaps persist.** The regulation and policy framework of the financial sector in Eswatini is still evolving, several policies are at various stages of approval and implementation,[29] and several initiatives have been launched to serve rural SMMEs.[30] Three of the four commercial banks in the country are under foreign ownership, while development financial institutions are poorly integrated with other levels of the financial sector. Grassroots institutions, such as MFIs, SACCOs or SCGs, are largely missing or weak. Where they exist, they are usually backed by donors or run as non-profit organizations and are generally low on capitalization. Mobile money has been introduced in the country by MTN.[31] Despite a significant decrease reported for the rate of financial exclusion, from 44.4 per cent in 2011 to 13 per cent in 2018,[32] attributed to non-banking growth through mobile money and SACCOs, different reports indicate that there is still a need to deepen and diversify financial services and reach out to a wider segment of the population, especially the poorest and the rural smallholders.[33]

**Demographics, poverty reduction and related challenges**

27. **The population is predominantly rural and young, although a slow shift is emerging**. People under the age of 20 represent 46.5 per cent of the total population, but the population growth rate has slowed down, primarily due to

[23] World Bank Databank, databank.worldbank.org.
[24] IFAD CSN 2020–2021; National Policy on the Development of SME; Revised SMME Policy, 2018.
[25] SACU, which comprises Botswana, Eswatini, Lesotho, Namibia and South Africa, applies a common set of tariffs and disproportionately distributes the revenue to member states. In. Source: IFAD, Swaziland Country Profile, 2011.
[26] National Development Plan, Towards Economic Recovery, 2019/20 – 2021/22.
[27] Dlamini, 2014 for the Central Bank of Swaziland.
[28] FinMark Trust, 2017 MSME survey report. The figure includes formal and informal businesses.
[29] Namely: the 2017-2022 National Financial Inclusion Strategy, the 2018 Practice Note for Mobile Money Providers, the 2019 Financial Services Regulatory Authority Bill, the SACCO Bill is also being developed (UNCDF, 2020).
[30] These include: Inhlanyelo Fund, Government-supported Enterprise Trust Fund (known as FINCORP), Imbita Eswatini Women's Finance Trust Fund and the Eswatini Women Economic Empowerment Trust.
[31] UNCDF, MAP Refresh, 2020; IFAD-IOE PPE of RFEDP, 2019; UNDP, Financial Inclusion Country Report, 2014.
[32] Finscope Consumer Surveys Eswatini, 2011 and 2018. The UNCDF MAP Refresh for Eswatini reports that financial inclusion in 2011 was 37 per cent instead.
[33] National Financial Inclusion Strategy for Swaziland (2017-2022); FinScope Consumer Survey, Eswatini 2018.

falling fertility rates and the effects of HIV and AIDS.[34] As a result, the share of population under 14 years is declining, while the working age population is increasing in percentage points.[35]

28. **Improvements have been registered in terms of poverty reduction, but poverty is rural in Eswatini, and income inequality is among the highest in the world.** Poverty rates, albeit decreased from 69 per cent to 58.9 per cent from 2000 to 2016, remain high and 20 per cent of the population lives below the extreme poverty line. Poverty is most pronounced in rural areas (70.2 per cent versus 19.6 per cent in urban areas).[36] Rural poverty also tends to be deeper and more severe, and data indicate that agriculture is still associated with higher poverty. Consistent with the rural nature of poverty, the poorest areas in Eswatini are rural regions without any sizeable towns: Lubombo and Shiselweni.[37] The GINI coefficient has remained stable (53 in 2000, 54.6 in 2016), with 50 per cent of wealth owned by less than 20 per cent of the population.[38] The Human Development Index (HDI) value of Eswatini improved from 0.468 in 2000 to 0.608 in 2018, above the average of 0.541 for Sub-Saharan Africa.

29. **Although some progress has been made on gender equality and women's empowerment over the last decades, large gaps remain**. These comprise unequal access to – and control of – economic, reproductive and productive resources, in particular land, credit and employment, as well as to education and political representation. Over 67 per cent of female-headed households are poor, compared to 58.9 per cent of male-headed households.[39] In 2018, the female HDI was lower than the male HDI (0.59 against 0.62) and the Gender Inequality Index positioned Eswatini at 145 out of 162 countries. Female youth (20-24) are particularly affected by early marriages and HIV and AIDS.[40] Despite the favourable 2019 decision by the High Court regarding the Marriage Act of 1964,[41] the 2010 Gender Policy is still under review.

30. **Food insecurity, rural undernutrition and urban obesity co-exist in Eswatini**. The prevalence of moderate and severe food insecurity touches 63 and 30 per cent of the population respectively.[42] Lubombo and Shiselweni are the regions with the highest prevalence of food insecurity and the worst affected areas by drought and poverty.[43] In 2016, Eswatini ranked 83 out of 118 countries in the Global Hunger Index.[44] Stunting and underweight affect 25.5 per cent and 5.8 per cent of children under five respectively; while 9 per cent of children under 5 are overweight and 16.5 per cent of the adult population is obese.[45]

31. **HIV and AIDS remains the greatest public health and socio-economic development challenge in the country**.[46] Sound national strategy and international support have led to an improvement of key HIV and AIDS indicators

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[34] National Development Plan, Towards Economic Recovery, 2019/20 – 2021/22, and World Bank databank.
[35] The youngest were 43 per cent in 2000 and37.8 per cent in 2019, while the working age population (aged 15-64) increased from 0.5 million to 0.7 million (World Bank databank, 2020, databank.worldbank.org).
[36] National Development Plan, 2019/20 – 2021/22; World Bank databank; Eswatini Voluntary National Review 2019.
[37] The Kingdom of Eswatini, Toward Equal Opportunity: Accelerating Inclusion and Poverty Reduction. Systematic Country Diagnostic, December 2020.
[38] World Bank databank; National Development Plan 2019/20 – 2021/22; https://www.cia.gov/the-world-factbook/field/gini-index-coefficient-distribution-of-family-income/country-comparison.
[39] Government of Swaziland, National Social Development Policy, 2010 and IFAD, FINCLUDE Concept note, 2017. The Central Statistics Office in 2014 reported that 45.6 of households were women-headed.
[40] State of the Youth Report, 2015; Eswatini, National Youth Policy, 2020.
[41] In August 2019, the High Court held that the doctrine of marital power violated married women's constitutional rights. Source: http://www.gov.sz/index.php/ministries-departments/ministry-of-justice (visited on 5/5/2021)
[42] FAO, The State of Food Security and Nutrition in the World, 2020.
[43] UNICEF, Synthesis of Secondary Data on Children and Adolescents in Eswatini, 2018.
[44] Concern Worldwide, International Food Policy Research Institute, Welthungerhilfe, Global Hunger Index, 2016.
[45] WFP, Eswatini Country Brief, 2018; FAO, 2020; Eswatini Zero Hunger Strategic Review, 2018.
[46] When referring to Human Immunodeficiency Virus (HIV) and the Acquired Immunodeficiency Syndrome (AIDS), the illnesses resulting from HIV infection and progression, the evaluation will privilege the use of HIV and AIDS. HIV/AIDS will be used when it refers to combined data or resources, M&E or financial indicators or the name of an organization.

over time. Despite a slight improvement or stabilization from 2016 onwards, Eswatini still shows the highest rate of HIV prevalence in the world. Also, people living with HIV continue to experience stigma and discrimination which hinders uptake of services, prevents them from achieving adequate food security and nutrition, which leads to opportunistic infections and co-morbidities. HIV and AIDS has also caused a dramatic increase in the number of orphans and vulnerable children (OVC) and households headed by children and elderly people. The impact of the epidemic manifests in different ways such as loss of productivity, reduction of the purchasing power deepening poverty and hindering individual families' abilities to sustain themselves.[47]

**Recent crises**

32. **The COVID-19 pandemic is further increasing Eswatini's vulnerability**. As of early October 2021, Eswatini had 46,276 confirmed cases of COVID-19, 1,227 deaths and 19.1 per cent of the population vaccinated.[48] The pandemic has impacted negatively on the response capacity of the national public health system,[49] has slowed economic activity, especially in the informal sector, and negatively affected livelihoods, restricting access to food and other essential goods and services.[50] The subsequent waves of COVID-19 cases have affected the elaboration and implementation of the post-COVID-19 Economic Recovery Plan elaborated by the Government in April 2020, which is still work-in-progress.

33. **Civil unrest in 2021.** Although in-depth analyses have not been issued so far, to the best knowledge of the CSPE, among the factors listed above youth unemployment seems to have played a significant role in the civil unrest in 2021. This large population group faces important legal and traditional constraints in accessing education, land and financial resources to develop their livelihoods.

**Rural and agricultural sector**

34. **Eswatini is predominantly a rural society, with more than 70 per cent of the population relying on agriculture for income.**[51] Smallholder farmers' main staple production for home consumption and national markets is white maize. However, due to a number of factors including low yields and high cost of inputs, over the past 15 years the national output has only met around 60 per cent of the country maize needs, with the balance coming in through imports.[52] Other most cultivated crops include legumes, tubers, fruit tree, sweet and Irish potatoes, sorghum, vegetables, pumpkins, groundnuts and cotton.

35. **Smallholder farmers and rural enterprises face several challenges that affect production levels.** These include insufficient access to infrastructure, finance and markets, insecure access to SNL, limited water availability, poor use of improved agricultural technologies, land degradation and climate vulnerability.[53]

36. **The share of the agriculture GDP has decreased over time.** Data from the World Bank indicate a drop of the agriculture share in the national GDP from 12.3 per cent in 2000 to 9.1 per cent in 2020.[54] Although no complete breakdown of the agriculture GDP was found, the Food and Agriculture Organization of the UN (FAO) assessed the contribution of livestock to the agriculture GDP to be around 26 per

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[47] National Multisectoral HIV and AIDS Framework 2014–2018; WFP, 2019; IFAD, CSARL – GEF project design report.
[48] WHO, updated on 12 October 2021, https://covid19.who.int/region/afro/country/sz; John Hopkins, updated on 12 October, https://coronavirus.jhu.edu/region/eswatini.
[49] World Bank, Macro Poverty Outlook, 2020; African Development Bank, African Economic Outlook 2020.
[50] USAID, Southern Africa – Regional Disasters Fact Sheet, 16 June 2020.
[51] Ministry of Agriculture, Swaziland Market Assessment Report, 2016; Ministry of Tourism and Environmental Affairs, Swaziland's 3rd National Communication to the UNFCC, 2016.
[52] Eswatini Zero Hunger Strategic Review, 2018.
[53] IFAD, Country Strategy Note, 2020 –2021; Eswatini Zero Hunger Strategic Review, 2018.
[54] https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?locations=SZ, accessed on 12 November 2021.

cent. Traditional livestock breeding (mainly cattle) remains the dominant practice, despite low productivity, mainly caused by overgrazing and poor management.[55]

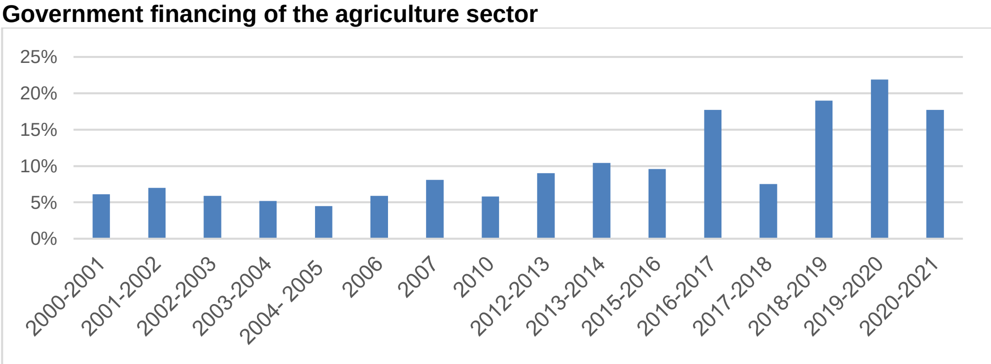
37. **Eswatini is among the largest sugar producers in Africa and sugar is the largest foreign exchange earner.** In 2015, the sugar cane industry represented 74 per cent of the total agricultural output and 9.2 per cent of the GDP through cultivation and milling activities.[56] Export of other agricultural commodities include wood products, citrus and fruits, meat products and textiles.

38. **The National Development Strategy (NDS, 1997-2022), Eswatini's overarching development framework, identifies agricultural development as one of its strategic areas**. The goal is achieving higher volume of goods and services, food security, commercialization of agriculture on SNL, efficient water resource management and rational land allocation and utilization. Environmental management is also considered a necessary condition for sustainable development. The government reviewed the NDS in 2016, resulting in the Strategy for Sustainable Development and Inclusive Growth (2017), further revised through the Vision 2022 document, which mainstream the SADC Agenda 2025, the African Union Agenda 2063 and the United Nations Sustainable Development Agenda 2030. The National Development Plan (NDP) 2019/20 to 2021/22, guides short term planning, and is articulated around six pillars.[57]

39. **Eswatini adopted the Comprehensive Agricultural Sector Policy (CASP) in 2005 and a National Agricultural Investment Plan (ENAIP 2015-2025).** The CASP aimed at enhancing a sustainable agriculture sector and its contribution to overall economic growth, poverty alleviation, food security and sustainable natural resources management (NRM). The ENAIP identifies six key areas for intervention: NRM, market access, food security, research and extension, and knowledge management. The Ministry of Agriculture (MoA) is primarily responsible for the agricultural sector. Its mission is detailed in its Strategic Plan 2018-2023. The Ministry also established several parastatals to provide key services.[58]

40. **Sector public financing.** Agriculture accounts for 17.6 per cent of Government budget estimates in 2020/2021, considering also donor funds.[59] Since 2012, as shown in Fig. 1, the sector has benefitted of a larger share of the Government's budget (and donors funding) when compared to the previous decade, although increases have not been always consistent.

Figure 1
**Government financing of the agriculture sector**




[55] FAO, Swaziland Country Programme 2013-2015 and WTO, Trade policy review, 2016.
[56] ESA Annual report 2020-21.
[57] (i) good governance, economic recovery and fiscal stability; (ii) enhanced and dynamic private sector; (iii) enhanced social and human capital development; (iv) efficient public service delivery respecting human rights, justice and the rule of law; (v) well managed natural resources and environmental sustainability; and (vi) efficient infrastructure network.
[58] These include: National Agriculture Marketing Board (NAMBOARD), the National Maize Cooperation (NMC), the Eswatini Dairy Board (EDB) and the Eswatini Water and Agricultural Enterprise (ESWADE).
[59] These estimates consider agriculture, forestry and fisheries.

Source: Ministry of Finance, budget estimates; ONE.org/40chances; CAADP; FAO National mid-term investment programme for Eswatini (various years).

41. Official Development Assistance (ODA) for Eswatini amounted to US$120.4 million in 2018, as shown in Table 2 below. The United States was the main donor (49 per cent of total ODA) followed by the Global Fund (16 per cent), Kuwait (11 per cent) and European Commission/Union institutions (EC/EU) (10 per cent).[60] UN agencies accounted for 3 per cent of total ODA, with UNICEF and World Food programme (WFP) being the largest contributors. Between 2005 and 2017 most funds were allocated to social infrastructures and services, followed by agriculture, forestry and fishing, and humanitarian aid.

Table 2
**ODA in Eswatini**

| *Indicators* | *1995* | *2000* | *2005* | *2006* | *2009* | *2010* | *2015* | *2016* | *2017* | *2018* |
|---|---|---|---|---|---|---|---|---|---|---|
| ODA total net (million USD) | 72.4 | 17.7 | 50.4 | 37.3 | 57.2 | 92.8 | 99 | 156.4 | 152.9 | 120.4 |

Source: OCDE Stat Data (November 2020) https://stats.oecd.org/#; note: ODA figures as a % of GNI are not available.

## B. IFAD's strategy and operations over the CSPE period

42. **IFAD and Eswatini first COSOP.**[61] In 1999, IFAD and Eswatini partnered around the first COSOP for the country, which represented the framework for IFAD's support to the Government's efforts to alleviate poverty until 2006. The document comprised a detailed analysis on how intensification and marketing could transform SNL agriculture and identified a number of lessons learned and broad areas for IFAD's intervention. The strategic niche for IFAD entailed a role of innovator to make small-scale agriculture significantly more profitable through new partnerships and new forms of organisation and trade, and by promoting community-driven development, strengthening the linkages with the private sector, and supporting public-sector institutions. The focus would be on irrigation development, high-value crop production, and efficient management of fragile natural resources threatened by excessive livestock pressure and forest exploitation. Women and youth were mentioned as being at the centre of future IFAD interventions. LUSIP I was designed and approved in full compliance with the focus of the COSOP, by addressing irrigation development, high-value crop production, strengthening links with the private sector and in supporting community-driven development. The focus on sustainable natural resources management was addressed through the GEF-funded LUSLM project, launched in 2010, to reduce land degradation and biodiversity loss, as well as mitigate against the effects of climate change.

43. **The Second COSOP**. The 2007-2011 COSOP proposed to continue the work on marketing and agricultural diversification, while adding a focus on NRM, rural finance and reinforcing the targeting strategy on the most vulnerable population groups. The document was explicitly aligned with the national Poverty Reduction Strategy and Action Plan (PRSAP) and the UN Development Assistance Framework (UNDAF)[62] and aimed at contributing to national poverty reduction as an overarching goal. It identified three focus areas: land and water; finance, enterprise development and markets; and empowerment and legal rights. Among the target group, it explicitly mentioned the most vulnerable and marginalized: women-headed households, young men, HIV and AIDS-affected households and orphans. This COSOP planned a mid-term review in 2009 and a self-evaluation in 2011, neither of which was carried out. The formulation of RFEDP was carried out within this framework, shifting the attention to the finance, enterprise development and markets sector.

[60] https://stats.oecd.org/#
[61] Annex VIII shows IFAD's strategies and operations in Eswatini in relation to the Fund's Strategic Frameworks.
[62] As of 2021, the UNDAF is called UN Sustainable Development Cooperation Framework (UNSDCF).

44. **Strategy through investment projects**. Given the size of the available PBAS allocation for the country, IFAD decided that the Fund's strategic view would be directly conveyed through its investment projects, rather than using precious resources for developing a new COSOP.[63] In fact, by the end of the second COSOP, LUSIP I was completed, RFEDP had just started, and only one new project could be financed. With SMLP, IFAD re-focused its resources on rain-fed areas, in support of poor smallholder farmers who were either food-deficient and living at a subsistence level or economically active and able to sell surplus production. SMLP addressed the three focus areas of the second COSOP: the Chiefdom Development Plans introduced with LUSIP I and further expanded by SMLP, which enabled community empowerment and, to some extent, addressing legal rights; soil and water conservation were fully embedded in the project design, and later expanded through the GEF-funded CSARL grant; and selected Value Chain (VC) development was the proposed approach to link farmers to markets.

45. **The Country Strategy Note in 2017.** The 2017 CSN was a transitional short-term strategy document, in light of Eswatini's planning and election cycle. Its two Strategic Objectives[64] provided at the same time the strategic framework for SMLP and guided the design of the new project, FINCLUDE, intended as a follow-up to RFEDP and complementary to SMLP itself. FINCLUDE should contribute to both CSNs objectives.

46. **The Country Strategy Note in August 2020.** Although the 2017 CSN mentioned that a new COSOP would be formulated in 2018, this endeavour was postponed to 2021 and a second CSN was developed for the period 2020-2021. The 2020 CSN was formulated during the first phase of the COVID-19 pandemic, when national and international containment measures were already seriously affecting the Eswatini economy. Its Strategic Objectives enhanced the focus of the earlier CSN on climate-resilience and access to markets for young entrepreneurs.[65] Both CSNs highlighted lessons learned from previous IFAD-funded interventions and proposed differentiated targeting strategies and graduation approaches for the ultra-poor, poor and those vulnerable to poverty.

47. **Upcoming COSOP and new project**. As mentioned earlier in the report, in early 2021 IFAD launched in parallel the processes for elaborating a new COSOP for Eswatini and for designing a new project. Two teams, led by the Country Director, carried out extensive consultations with national stakeholders. The COSOP 2022-2027 is expected to be presented to IFAD Board in 2022.

48. **IFAD operations**. As already mentioned above, during the period under evaluation IFAD in Eswatini supported four lending operations, as follows:

- The Lower Usuthu Smallholder Irrigation Project - Phase I (LUSIP-I) was approved on 6 December 2001, became operational in 2004 and came to conclusion in September 2013; the lending operation was complemented by a GEF grant, the Lower Usuthu Sustainable Land Management Project (LUSLM), that became effective in July 2011;
- The Rural Finance and Enterprise Development Programme (RFEDP) was approved on 17 December 2008, became operational in 2010 and came to completion in September 2016;
- The Smallholder Market-led Project (SMLP) was approved on 22 April 2015 and became operational in February 2016. The completion date as of October

[63] At that time, IFAD would develop a new COSOP only when a country had allocation for two loans in the forthcoming financing period, which was not the case in Eswatini.
[64] These were: i) Increased food security for smallholders through more resilience to climate shocks; ii) Financial inclusion and sustainable value chains creating increased income opportunities for young entrepreneurs and market-oriented smallholder farmers
[65] The Strategic Objectives were: SO1: Increased climate-resilient food systems for smallholders and SO2: Increased income opportunities for young entrepreneurs and market-oriented smallholder farmers.

2021 was March 2022;[66] the lending operation was complemented by a GEF grant, the Climate Smart Agriculture for Resilient Livelihoods (CSARL) which became effective in August 2016;

- The Financial Inclusion and Cluster Development Project (FINCLUDE) was approved on 21 July 2018 and became operational in 2019. Completion date is foreseen on 30 September 2025.

49. **Non-lending activities.** IFAD strategies in Eswatini also made provisions for non-lending activities. Knowledge Management was explicitly discussed in detail in the 2007 COSOP and the 2020 CSN stressed that systematic production of KM products would be a priority. The importance of partnerships with a broad range of development agencies and actors to expand IFAD's leverage were discussed in the 1999 and 2007 COSOPs. Policy dialogue was also a core element of IFAD COSOPs, with a focus on Land and water; Finance, enterprise development and markets; and Empowerment and legal rights.

50. **Grants.** The 2006 COSOP referred to an upcoming pilot national grant covering rural finance and microenterprise development, with no other references to this intervention;[67] and it did not foresee the complementary grant in support of LUSIP 1, approved in 2010. Conversely, the CSNs referred to the complementary grant in support of SMLP and to the two on-going multi-country grants, FoodSTART-Africa and Impact at Landscape Levels grants; also, the possibility of identifying other opportunities was mentioned. Over the evaluation period, Eswatini was a recipient party of eleven self-standing multi-country or regional IFAD grants, in addition to two grants from the GEF, outlined above.

51. **Portfolio management**. IFAD has been responsible for the direct supervision of all interventions, exception made for LUSIP I where UNOPS was in charge until the Mid-Term Review (MTR). IFAD does not have a country office in Eswatini, and the Country Programme Manager, currently called Country Director, was based in Rome until August 2018, and in IFAD's regional hub in Johannesburg (South Africa) since then. Since 2000 there have been five Country Programme Managers / Country Directors. Over the two decades, IFAD implementing partners in the country have been, and still are, the Ministry of Agriculture with the parastatal Eswatini Water and Agricultural Development Enterprise (ESWADE), and the Ministry of Finance, currently through the Centre for Financial Inclusion (CFI). Table 3 synthesises these data.

Table 3.
**Key information on IFAD in Eswatini since 2000**

| *Indicators* | *Data on projects covered by the CSPE* |
|---|---|
| Total loans-funded projects approved | 4 |
| Total portfolio cost | US$351.7 million |
| Total amount of IFAD lending | US$41.35 million |
| Financing conditions | Ordinary and intermediary terms |
| Co-financers | African Development Bank (AfDB), Arab Bank for the Economic Development of Africa (BADEA), Development Bank of South Africa (DBSA), European Commission/Union (EC/EU), European Investment Bank (EIB), Taiwan/ International Cooperation Development Fund, Global Environmental Facility (GEF) |
| Co-financing amount | US$121.58 million |

[66] A request of extension of 12 months was under preparation as of October 2021.
[67] The CSPE did not find any information about this grant.

| | |
|---|---|
| Counterpart financing (Government and beneficiaries) | US$188.81 million |
| IFAD Country programme managers/ directors since 1995 | Joseph Yayock (1995-2006); Samuel Eremie (2006); Louise MacDonald (2007-2013); Thomas Rath (2013-2017); Jaana Keitaanranta (2017-on-going). |
| Main government partners | Ministry of Agriculture, ESWADE, Ministry of Finance, CFI |

Source: elaboration by the CSPE team.

52. **The performance-based allocation system.** Since IFAD adopted the performance-based allocation system (PBAS) in 2003, its contributions to Eswatini have ranged from USD 2 million to slightly less than USD 8 million per replenishment cycle, as shown in Table 4 below. Eswatini did not benefit from the IFAD 11 Replenishment (2019-2021), because it had been able to take advantage of unused funds from IFAD 10 (2016-2018) to design and launch FINCLUDE, but it is already earmarked for IFAD 12 for the period 2022-2024.

Table 4
**Performance-based allocation (PBA) to Eswatini by replenishment period**

| *PBA in US dollars* | *2004-2006* | *2007-2009* | *2010-2012* | *2013-2016* | *2016-2018* | *2019-2021* |
|---|---|---|---|---|---|---|
| Eswatini | 2,000,000 | 3,000,000 | 3,225,531 | 7,852,366 | 7,593,641 | 0 |

Source: CLE - IFAD's Performance-based Allocation System (2016) and IFAD Progress Report on Implementation of the Performance-Based Allocation System (2017).

# III Performance and rural poverty impact of the Country Strategy and Programme

53. This chapter analyses the performance of the IFAD-supported loan projects and related grants, approved by the Executive Board since 2000.

## A. Relevance

54. This section analyses the relevance of IFAD strategies and interventions to both Eswatini's and IFAD's policies and overarching goals. It also discusses the quality and targeting approaches of project designs as well as their innovativeness.

**Relevance of objectives**

55. **IFAD strategies and programmes well-aligned with overarching government policies and international goals.** IFAD strategies and programmes in the period under evaluation were supportive of the policies and strategies of the Government of Eswatini and very relevant to the rural development priorities of the country. By the end of the 1990s, the country was still recovering from the 1991/92 drought that had significantly affected livelihoods through serious losses to livestock, crops, rangelands, protected areas and biodiversity. IFAD COSOPs were clearly in support of the national overarching policies and strategies, whereby the country started shifting from dry-land, subsistence farming to irrigated, commercial agriculture. The COSOPs were also consistent with the National Development Strategy that has evolved into the Vision 2022 document. IFAD's portfolio was also relevant to the national commitments towards the ratified regional and global agreements, including the African Union and SADC strategies and the 2030 Agenda for Sustainable Development.

56. **Strategies and programmes also in line with national policies on all sectors of intervention.** The IFAD-supported lending operations were all relevant to the national policies for the respective sectors of intervention, as well as with environmental policies and related international agreements. Box 1 below explains in detail the links between IFAD's portfolio and Eswatini national sectoral policies.

Box 1
**IFAD's portfolio support to Eswatini sectoral policies and international environmental conventions**

**Rural finance**. RFEDP and FINCLUDE were/are aligned with the national specific sectoral strategies directly relating to rural finance. Furthermore, the National Policy of the Kingdom of Swaziland on the Development of Small and Medium Enterprises (SMEs) of 2004, and the Revised Small, Micro, & Medium Enterprise Policy of Eswatini (SMMEs) 2018 recognized the need for the support of SMMEs, as an integral part of the country's economic development.
**Irrigation and value chain development**. LUSIP I and SMLP, through the development of improved irrigation systems and surface water management, were and are relevant to the objectives of improved agricultural productivity and enhanced competitiveness, as defined by the National Irrigation Policy (2005), in addition to the national development policies already mentioned. The projects were/are also fully in line with the Water Act, 2003, the National water policy, 2018; the Food Security Policy (2005); and the Eswatini National Agricultural Investment Plan (SNAIP, 2015) that seek to diversify livelihood streams, increase income opportunities for young entrepreneurs and market-oriented smallholder farmers, as well as increase climate-resilient food systems.
**Environmental management and climate change.** Embedded in LUSIP I and SMLP, the associated GEF grants have strengthened the contributions of the two loans to the national efforts to tackle land degradation, biodiversity loss, and unsustainable land-use and land management. Also, the pilot work proposed by the grant SwaziBeef directly addressed the problems of livestock overstocking and overgrazing. In addition, IFADs' projects have been relevant to a range of other national policies addressing environment and health issues.[68]

[68] These include: the Water Act (2003), the Water Policy (2019), the National Forest Policy (2002), the National Environmental Health Policy (2002), the Solid Waste Management Strategy (2003), the National Health Policy (2016),

**Support to Eswatini international commitments in the environmental arena.** Eswatini is party to a large number of global environmental conventions.[69] LUSIP I was particularly relevant in this respect as it enabled Eswatini's effective participation in the IncoMaputo Agreement (2002) for the water sharing of the Usuthu watercourses among the three concerned countries.[70] In Eswatini's perspective, harnessing water from the Usuthu River Basin was important for both national water security measures and development purposes.

57. **Strategies and programmes broadly relevant to the needs of the rural poor smallholder producers**. Among the many constraints this large population group faces, those addressed by the IFAD portfolio, including access to water for crop production and home consumption, recovery of soil fertility, adaptation to climate change effects, access to markets and financial resources to engage in production for both subsistence and income-generation, undoubtedly emerge as major challenges. IFAD's commitment to engage youth in rural businesses also appeared to be particularly appropriate considering the country demographics and the contribution that improvements in youth's livelihoods can make to the national social and economic stability.

58. **Country strategies and programmes fully informed by the IFAD Strategic Frameworks (SF) over the period of evaluation**.[71] The first COSOP, 1999 to 2006, and LUSIP I, well reflected IFAD SF 2002-2006 and the Regional Strategy for Eastern and Southern Africa, by addressing capacity development of the rural poor and improving their equitable access to land and water. The second COSOP, 2007-2011, and RFEDP design mirrored the objectives of the IFAD SF 2007-2010, which emphasized, among others, increasing access to financial services and markets, along with rural off-farm employment and enterprise development, and local and national policy and programming processes. It is noteworthy that RFEDP initially, and FINCLUDE later on, were designed and addressed the macro, meso and micro levels, fully in line with the IFAD 2009 Rural Finance Policy.

59. Over the period 2011-2016, IFAD had no strategic documents of Eswatini but SMLP formulation in 2014-15 embedded the Fund's strategy for the country, in line with IFAD SF 2011-2015, that included 'local, national and global value chains' as approach "to generate opportunities for wealth creation and employment in rural areas".

60. The two CSN, 2017-2019 and 2020-2021, were also aligned with the IFAD Strategic Framework 2016 – 2025, by focusing on resilience to climate change, increasing poor rural people's benefits from market participation and financial inclusion and on increasing income opportunities for young entrepreneurs and market-oriented small-scale farmers.

**Relevance through design**

61. **The designs of all IFAD-supported projects in Eswatini were highly complex and over-ambitious; some key assumptions were not based on a realistic context analysis.** In some cases, adjustments to design during

the National Sanitation and Hygiene Policy (2019), the National Development Plan (2019/20 – 2021/22), Strategy for Sustainable and Inclusive Growth (2030), Strategic Road Map (2019).

[69] Eswatini ratified the following environmental conventions: the Ramsar Convention (1971): Convention on the International Trade in Endangered Species of Wild Fauna and Flora (1997); Convention on Migratory Species (CMS, 1979); Africa-Eurasian Water Birds Agreement (AEWA, 1999); Vienna Convention for the Protection of the Ozone Layer (2005); Montreal Protocol on Substances that Deplete the Ozone Layer (2005); the Rio Conventions: United Nations Convention on Biological Diversity (UNCBD, 1994); United Nations Convention to Combat Desertification (UNCCD, 1996); United Nations Framework Convention on Climate Change (UNFCCC, 1996) to which it regularly sends its Nationally Determined Contributions, and the Paris Agreement (2015).

[70] The Usuthu river flows across the Republic of South Africa the Kingdom of Eswatini and the Republic of Mozambique.

[71] Please see Annex VII for more detail.

implementation was instrumental in enhancing the relevance of the interventions. Examples of these aspects of designs are discussed here below.

62. **In LUSIP I, design was highly complex; social and environmental risks were acknowledged but their detailed analysis was postponed.** Designed in the late 1990s and approved in 2001, LUSIP I was a seven-donor endeavour in support of the Government of Eswatini’s decision to use the share of water of the Lower Usuthu River assigned to the country for the production by smallholder farmers of irrigated sugar cane as an export crop.[72] IFAD’s role was to “take the lead in the designing, financing and implementation of community/farmer related aspects of the project”,[73] i.e., to support the down-stream management of the irrigated schemes, including the resettlement of the communities dislodged by the dams, reservoir and other major infrastructure works. While the appraisal report acknowledged the complexities linked to the environmental, public health and socio/demographic consequences of the scheme, the decision was made to approve the project while postponing to implementation any decision about how to address these issues.[74]

63. **Excessive reliance in LUSIP I design on sugar cane**. Design also made the unfounded assumption that most of the land would be suitable for sugar cane. However, during implementation it emerged that this was not the case for almost half of the initially planned irrigated area (3000 hectares out of 6500), due to an over optimistic assessment of soil capabilities, as well as to changes in the climate conditions and economics of sugar cane cultivation. For example, some irrigated areas in the target chiefdoms were simply too far from the sugar mill to be economic.[75] Furthermore, the on-farm irrigation design was not adapted and optimized to the complexity of such a large-scale irrigation scheme, nor to the obvious need for a participatory and low-cost on-farm irrigation system to ensure sustainability of the scheme itself. These factors still have a negative impact on the incomes and food security of the population whose livelihoods depend on the irrigation scheme, including resettled households, as discussed later in the report.

64. **Complex and multi-pronged designs**. The project designs for RFEDP and SMLP were highly relevant but also quite complex, in that both aimed at addressing multiple layers or sectors of intervention, namely the macro, meso and micro levels of rural finance in the case of RFEDP; and community participation, water resources and irrigation development and management and local value chain development in the case of SMLP. Linkages between the two initiatives were foreseen to facilitate access to microfinance services and small enterprises advisory services, although the two projects eventually overlapped only for a brief period due to a slow approval and take off process for SMLP.

65. **Similar design features caused challenges in implementation**. These included:

i) project duration versus the required time to achieve sustainable outcomes when the project goals require a deep change in the attitudes, skills and competences of the intended target population; this applied to RFEDP and SMLP;

[72] Since 1983, the Government of Eswatini had been a member of the tripartite permanent technical committee (TPTC) of the Maputo basin for the joint management of the Incomati/Usuthu river resources, which in 2002 became the IncoMaputo Agreement. The main objective of LUSIP I was formulated as “the integration of smallholder farmers into the commercial economy through the provision of: (a) irrigation infrastructure, (b) development of the policy and legal framework for smallholder irrigation, as well as (c) the establishment of farmer-managed irrigation institutions.”
[73] Report and recommendation of the President to the Executive Board on a proposed loan to the Kingdom of Swaziland for the Lower Usuthu Smallholder Irrigation Project – phase I, December 2001
[74] The Project Appraisal Report did not classify LUSIP I in terms of environmental or social risks. Although IFAD since 1994 had some administrative procedures to be considered during the project cycle in relation to environment, the first environmental procedures were issued in 2008; and the first Social, Environmental and Climate Assessment Procedures (SECAP) became effective on 1 January 2015.
[75] LUSIP I PCRV, 2016.

ii) low level of clarity in the roles and responsibilities of executing partners and Service Providers emerged in all projects;

iii) engagement with experts and officials at the national level, disregarding the knowledge and wealth of experience of officials and informants at the local level, which may have contributed to wrong assumptions and/or missing details;

iv) the assumption that different project components could progress independently, when in fact they are inter-dependent, and some results have to be achieved and be the building blocks for others. In RFEDP the main unrealistic expectation was that work at the macro, meso and micro levels could be done simultaneously, although experience tells that basic legislation and relevant policies regulating the sector are required to enable reaching out to the other levels, which was not the case in Eswatini; in practice, RFEDP had to support the development of financial inclusion policies almost from scratch and it did not have time to properly engage at the other two levels. A similar problem occurred in SMLP due to the expectation that Chiefdom Development Plans, identification and construction of water management and irrigation works, and value chain development, could all occur in parallel;

v) the assumption that there was national capacity available to implement all projects components; in the case of RFEDP, according to several interviewees, the design had largely overestimated the level of in-country expertise on rural finance, which was very limited and of meso-level microfinance institutions (MFIs) that could operate effectively; of commercial banks willing to invest in the smallholder agriculture sector; and of appetite for becoming entrepreneurs among rural poor. In the case of SMLP, the selection, design, and construction of small earth dams and related irrigation schemes was delayed also due to poor performance of contractors for the studies.[76]

66. **The CSPE does not consider complexity in design to be an issue per se, because development is a complex endeavour in itself**. However, whenever the inter-connectedness of components was not explicitly acknowledged and managed, and it was expected that various components could progress in parallel, the complexity of design and execution arrangements affected progress and results. In all IFAD projects in Eswatini, components were interdependent and built on each other, sometimes requiring the starting and progression of one before the other. But this did not happen and resulted in some components seriously lagging behind.

67. **Challenges ahead for FINCLUDE**. The CSPE found that the FINCLUDE design, despite building on the previous experiences of both RFEDP and SMLP, is still highly ambitious and challenging. The project comprises four different outcomes, namely improved agricultural production for clusters of smallholder farmers, private sector investment for rural MSME, development of inclusive finance and climate resilience mainstreamed into rural finance. The project aims at addressing the gaps left by RFEDP and at building on the emerging results from SMLP, while also aiming at incorporating nutrition in social mentoring in an innovative way. Some stakeholders noted that albeit interesting and relevant to the point that nutrition would deserve an intervention in its own right, addressing nutrition risks over-stretching FINCLUDE's scope.[77]

**Adjustments to design**

68. **Adjustments to design during implementation were necessary and reasonably successful**. LUSIP I and RFEDP followed different approaches in adjusting the designs to the context. In LUSIP I, an early MTR addressed the

[76] SMLP Mid-Term Review Report, December 2020.
[77] For a more detailed analysis of the strengths and weaknesses of FINCLUDE design, please refer to Annex IX.

pending issues about resettlement and a solution was agreed upon with IFAD and the communities in 2007. As a consequence, IFAD support was steered towards the development and implementation of a compensation plan and engagement with the population living in the project area through the community-level managed Chiefdom Development Plan process. In the case of RFEDP, adjustments to design were both deliberate and by default.[78] Evidence of deliberate adjustments was corroborated by the November 2014 supervision report that clearly articulated how the project had responded to the recommendations of the Project Phase Review (PPR), noting progress in this regard. Adjustment by default led to a skewed project focus on policy issues, at the expense of the other levels (meso and micro). Interviews with project stakeholders revealed that work at the macro level was necessary to develop the 'enabling environment' for the project to be effective at the meso and micro levels. Even though this explanation sounds reasonable, neither the CSPE nor the PPE found any document testifying to a dialogue and consensus with key stakeholders, IFAD included, about such an important change to the project thrust. The CSPE concluded that the adjustment was justified and led to significant ecosystem achievements, but explicit recognition of the change in focus would have been useful for the sake of clarity and transparency of decision-making by the MFU, which executed the project.

69. **IFAD was also highly successful in better addressing environmental aspects by leveraging resources and integrating GEF-funded grants in its lending operations**. The GEF supported the implementation of LUSIP I and SMLP with one grant each, LUSLM and CSARL respectively. This was particularly relevant considering that the designs of both lending operations did not adequately address all environmental aspects that required attention. The goal of both grants was the widespread adoption of sustainable land management practices in Eswatini to address land degradation, protect biodiversity, while increasing communities' capacity to adapt to the adverse effects of climate change through climate smart agriculture. The CSPE agreed with stakeholders that the GEF grants have enhanced the relevance and expanded the scope of intervention of IFAD loans regarding sustainable natural resources and environmental management. The CSPE also appreciated that the same approach was being pursued by IFAD regarding FINCLUDE, with a joint FAO-IFAD project design to be presented to the Green Climate Fund (GCF) for financing.

70. **Significant adjustments to design were mostly made at mid-term, with some loss in terms of efficiency and effectiveness.** Stakeholders mentioned that some design features were no longer relevant at implementation start, yet adaptation could only be done at MTR. Evidence suggests that the inception workshops did not enable discussing in depth what the projects were about and clarifying the various aspects to all stakeholders; and that they were not used to agree on the necessary adjustments due to changed circumstances. Similarly, IFAD also missed the opportunity to carry out in Eswatini better staffed supervision missions one year after launching operations, which might have helped in adjusting design as required without having to wait for the MTR, years later.

**Targeting**

71. **The targeting approaches were very generic during the early interventions, although during implementation adjustments took place**. The CSPE noted a significant improvement in the targeting approaches of the various interventions, similar to what had happened in the Strategy documents as discussed above. Arguably, in the case of LUSIP I, the targeted population was by default all those communities concerned by the construction of the irrigation scheme in the so-called Project Development Area (PDA). Some attention was paid to the poor, vulnerable and/or disadvantaged PDA households at design, and there

[78] RFEDP Phase Review Report, April 2014; Project Completion Report, September 2017; Project Performance Evaluation, April 2019.

was little provision for women and youth, despite the well-known disparities about access to and control of resources that still affect Eswatini society and economic fabric. Only at MTR was a decision made -and reportedly IFAD played a key role to ensure fairness of treatment in this respect –in favour of a much more supportive approach to the communities that had to be resettled because of the irrigation infrastructures. Neither did RFEDP at design propose a clear targeting strategy, by aiming at reaching out to very diverse categories of rural producers, which however had quite different needs in terms of financial and technical support.[79] Box 2 below provides additional detail in this regard.

Box 2
**Targeting in RFEDP**

The project had a national coverage and interventions aimed at the macro and meso level could not be 'targeted' by definition. At the micro level, RFEDP identified its target groups as follows: (i) Survivalists, comprising HIV/AIDS-affected households, orphans, child-headed households, and subsistence producers; (ii) Emerging entrepreneurs, these being active poor households that could seize income-generating opportunities when receiving well-focused and orchestrated support and mentoring; and (iii) Aim high, i.e., small enterprises in rural areas with potential to grow. The PPE noted that the categories were not clearly defined in the design, and that it was foreseen that targeting was to be maintained flexible and fine-tuned through implementation.

The CSPE noted, moreover, that these categories have significantly different needs in terms of capacity development and financial support; and each requires its own clear and tailored approach to make any effective use of the available resources. Whenever households are still struggling with food security for example, they would benefit more from income graduating schemes or livelihoods programs, rather than enterprise training and rural finance. Also, entrepreneurship is not something easily learnt by most people and for it to emerge, long-term mentoring and support are necessary. Finally, the design should have made a distinction between finance for basic needs and finance for enterprise creation and expansion, but this was absent from RFEDP targeting approach.

72. **Targeting strategies improved over time, also by including self-targeting measures and clear distinction about the needs of the different groups of producers.** The designs of the two projects ongoing at the time of the CSPE were more accurate and articulate in relation to targeting. This may have been due to internal learning within the country programme, as well as to corporate decisions in this respect. The self-selection measures, namely the decision to support value chains 'centred on homestead production of food commodities, including small stock' in SMLP and the cluster approach fostered by FINCLUDE, should contribute to engage with smallholders who have a real interest in the proposed activities. FINCLUDE also selected the areas of intervention based on their potential to establish clusters of smallholder farmers for the production of the selected five priority commodities; and profiling and scorecards to ensure that the projects will engage with the intended participants.

73. **Summary. The relevance of IFAD's country strategy and programme is satisfactory (5)**. Over the last two decades, IFAD strategies and supported interventions have been highly relevant to the policies and priorities of the Government of Eswatini and to the needs of the poor rural smallholder producers. The leveraging of additional resources through the GEF has also been instrumental in raising the relevance of IFAD lending operations to address the challenges caused by climate change and environmental degradation. At the same time, also in response to the multi-fold constraints the rural poor face, project designs have been highly complex and not always adequately grounded on the national context.

[79] April 2019 PPE. The CSPE notes that several other IFAD projects formulated around the same time, maintained flexible targeting despite the emerging evidence from previous and on-going initiatives that this would often lead to providing most support to the 'aim high' category rather than the 'survivalists' during implementation.

## B. Coherence

74. This section analyses and discusses the IFAD programme in Eswatini in terms of; i) internal coherence, i.e., coherence between the portfolio and the strategy and between lending and non-lending activities; and ii) the external coherence, namely IFAD's strategic positioning and comparative advantage as well as the coordination and co-financing with other development partners. The section also discusses IFAD's progress in Eswatini on the non-lending activities, namely Policy dialogue, Knowledge management and Partnerships.

**Internal coherence**

75. **IFAD's strategic positioning and comparative advantage was reportedly adequate**. During interviews, the CSPE heard high praises from many Governmental stakeholders, and others, about IFAD's key contribution to rural development and poverty alleviation in the country. This was in addition to praises about the 'unique' support role played by IFAD in LUSIP I; as well as with the widely acknowledged recognition of IFAD's role in the rural finance sector.

76. **Satisfactory level of coherence between IFAD portfolio and its strategy**. IFAD lending portfolio in Eswatini has shown a remarkable level of coherence with the two COSOPs and two CSNs approved since 2000. Although this observation relates to all projects, the overlapping of purpose was particularly explicit during the period 2011-2016, when the actual strategy of the Fund for the country was directly embedded in the goals and objectives of RFEDP and SMLP. The CSPE also noted that this high level of coherence is likely to continue in future, considering that the formulation of the new COSOP, on-going in 2021, was taking place in parallel and with several members of the same team also involved in the formulation of the concept note for a new project to be financed under IFAD12.

77. **Satisfactory level of coherence with regional grants, albeit rather ad-hoc, resulting in both planned and unplanned synergies across lending and non-lending activities**. Overall, most of the ESA regional grants that included Eswatini as one of the participating countries and included activities specifically targeted at the national level, did contribute to the IFAD strategies and programmes for the country. The few that the CSPE could fully or partly assess have generated positive results and/or interesting lessons, for the country and elsewhere, and have contributed to some extent to the broader national development goals.

78. The CSPE found solid evidence of the extent of these synergies across lending and regional and national grants. Two well-planned synergies were the two GEF-funded grants integrated into LUSIP I and SMLP. Other three IFAD regional grants developed constructive synergies with the IFAD-supported loans. First, the regional SwaziBeef grant purposedly worked with households in the LUSIP I PDA, to pilot a beef fattening value chain as an income diversification activity. During implementation, the grant also benefitted from RFEDP support to develop a suitable financial product and to engage with NedBank to offer the product to the newly established Farmer Companies. Second, a regional grant that had contributed to the development of the institutional and operational capacity of the Eswatini National Agricultural Union (ESNAU) led to collaboration between the latter and RFEDP on advocacy in favour of the increased involvement of youth in agriculture and on training at community level; as well as to establish a Memorandum of Understanding (MoU) with FINCLUDE. Thirdly, the regional grant FoodSTART – Africa implemented by the MoA Research Division to field-test varieties of the Orange-Fleshed Sweet Potato in Eswatini in view of national adoption and diffusion, was collaborating with SMLP to facilitate the uptake and diffusion of the varieties for both crop diversification and nutritional improvement.

79. With the exception of the synergies with RFEDP, all others appeared to be well planned and structured and allowed/will allow achieving results, drawing and

sharing lessons, or leveraging resources. The other cases, lean and easy as they were, turned out to be useful and effective, but could as well not have happened in the absence of a better planned and systematic approach to coordination between on-going initiatives to make a more efficient use of the available resources.

**External coherence**

80. **Evidence of reasonable level of external coherence**. In general, the CSPE found evidence of a reasonable level of coherence on themes ranging from food security to water and land resource conservation, between IFAD's programmes and those of other development partners, including FAO, WFP and the United Nations Development Programme (UNDP). It was also mentioned that some level of coordination may be possible between SMLP and a key EC/EU Land Governance digitalization project, through the participation of the SMLP Project Director in the Steering Committee of this large intervention that is expected to significantly change access to land in Eswatini.

81. **Satisfactory coordination in the rural finance sector**. The CSPE found evidence of good consultation and coordination between the RFEDP, and later CFI, and other partners, mostly national. In particular, through the multi stakeholder consultation and direct solicitation, both RFEDP and FINCLUDE design took cognizance of the work done by other actors. During implementation, RFEDP was able to coordinate and harmonize its interventions with those of other development partners. In fact, coordination was cited in various interviews as one of the things that the project did well, and the CFI continues with this to date. An example of coordination benefits was the stakeholder forums wherein information was shared on enterprise development players and financial services for SMEs, besides identifying opportunities for collaboration.[80] Participants, mostly from the public sector and less of private and donor stakeholders, used the forum to discuss progress and harmonize different project work in different areas to avoid or minimize duplication. In this regard, the CSPE noted that the private sector plays a critical role especially on the supply side and should have been an equal stakeholder.

**Knowledge Management**

82. **Satisfactory level of lessons learning at the strategic level from and across the portfolio**. IFAD COSOPs and CSNs for Eswatini showed a high degree of attention to the lessons learned through project implementation in Eswatini although the extent to which these were then integrated into the following project designs, and implementation, varied. Altogether there was an explicit effort not to run into the same challenges again, which was visible in the level of lesson learning across lending and non-lending activities. As already mentioned, the fact that staff from earlier projects was often recruited by a later project undoubtedly contributed to this informal transfer of experience and knowledge.

83. More specifically, FINCLUDE incorporated various lessons from RFEDP, and project stakeholders agreed on the good level of collaboration, during the design phase, among IFAD, Government of Eswatini, former RFEDP staff and several other actors. This helped in integrating the experience acquired through RFEDP, including increased planned interface with the beneficiaries through the cluster approach, which is a direct response to create sustainable results at the grassroots level in which RFEDP did not do well. Also, LUSIP I implementation revealed gaps in sustainable environmental management, including climate change adaptation, whereas CSARL has strengthened the SMLP focus on sustainable land and water management through climate smart agriculture.

[80] RFEDP Supervision Report (2011). The standing coordination forum was meant for stakeholders to discuss all issues pertaining the sector including policy formulation/implementation, development partners and their areas of coverage, etc. Ad-hoc meetings were also called to discuss specific issues, as required.

84. **A few interesting Knowledge Management initiatives on rural finance**. RFEDP, through stakeholder forums and a regional conference in collaboration with the International Livestock Research Institute (ILRI), shared its learnings and sector best practices. Also, the MFU produced a booklet of RFEDP's success stories and distributed it among stakeholders, in addition to a related television coverage on Swazi Television. In addition, the MFU partnered with MoA to produce and publish a guide to assist farmers make appropriate choices regarding suitable crops and livestock. This publication was distributed to the public at the International Trade Fair in 2015.[81]

85. RFEDP also supported the first Finscope Consumer Survey Swaziland (2011), and subsequent Finscope MSME (2017) survey. Finscope Surveys are well known publications in the region, and they are undertaken by Finmark Trust at country level periodically. These reports provide information on financial inclusion, and are also useful in developing policies, strategies, and road maps for improving inclusion, and once published are accessible worldwide, and can be used for academic and/or development purposes by different stakeholders. In this regard, RFEDP has made a significant contribution to knowledge, and through these publications played a significant role in closing information gaps that would otherwise have taken years to address.

86. **Information sharing on environmental themes**. LUSIP I and SLMP have reportedly contributed to information and knowledge including lessons on environmental sustainability and climate change adaptation through resilient infrastructure, climate smart agriculture as well as sustainable land and water management strategies. This appears to have taken place through informal channels and was not captured in formal documents or events.

87. **South South Cooperation virtual workshop**. A noteworthy KM product was the joint participation of SMLP and FINCLUDE in a virtual international South South Cooperation workshop organized by IFAD on the theme of Livestock Value Chains in April 2021, with the participation of IFAD projects in other countries. The two projects presented achievements and challenges related to the goat, pig and indigenous chicken value chains, as well as on nutrition and on the impacts of climate change and environmental degradation on livestock value chains.

88. **Poor Monitoring & Evaluation systems represent a missed opportunity for improved performance**. The CSPE found evidence of poorly performing Monitoring & Evaluation (M&E) systems in most IFAD-supported loans, due to issues such as late run of baselines studies and questionable methodologies adopted and less than competent staff assigned to M&E units. This resulted in unreliable data and poor analysis, which affected the level of actual internal learning and coherence across interventions. The CSPE at the same time noted that FINCLUDE appears to have started in the right way by hiring at least two specialists who are overseeing the set-up of an appropriate system. Reportedly, the definition of beneficiary information to be collected is based on the project logframe. At the time of the CSPE, the project was in the process of finalizing the development of a data collection tool, which should feed into the management information system to establish a database and baseline of beneficiaries. This bodes well for the future capacity of the project to generate useful information and learning, and for its internal decision-making process.

**Partnership development**

89. **Partnerships were presented as a key feature of IFAD strategy in Eswatini, although in practice, many partners were executing agencies under contractual agreements with the projects**. As mentioned earlier in the report, partnership development has been a key feature of IFAD's strategic approach in

[81] RFEDP Implementation Support Mission Report (October 2015)

Eswatini since the 1999 COSOP. Both IFAD and the Government of Eswatini agree that their partnership over the evaluation period has been solid and fruitful and reflects a collaboration between equal partners. Conversely, at project level, IFAD-supported interventions did establish many collaborations with organizations of the private and non-profit sectors, which were in fact subordinate relationships regulated by contracts or MoUs aimed at delegating the responsibility to execute specific project activities. This type of engagement is quite common and undeniably useful in IFAD-supported projects, but the term 'partnership' does not accurately describe the nature of the relationship. Reportedly, efforts were ongoing in the context of FINCLUDE in moving towards real partnership-type of collaboration with national organizations beyond the Government.

90. **Variable level of co-financing with other development partners**. Partnership often takes the form of co-financing. This varied significantly in IFAD's portfolio since 2000. LUSIP I and SMLP partnered with seven international actors in total, with high levels of co-financing, including from the GEF. Also, IFAD and FAO were completing the preparation of a joint project to be submitted to the Green Climate Fund, as mentioned above, to leverage financial resources for FINCLUDE Component 3. In the case of RFEDP co-financing was circumscribed to national partners and was for lesser amounts. In the case of FINCLUDE, as of October 2021 there was no certainty yet that the envisaged co-financing partnership will bear results.

91. **Room for improving partnerships in environmental management**. Despite several instances of collaboration with national environmental organizations,[82] the CSPE noted limited engagement with key partners, other than the GEF, in the area of environmental management. In the case of LUSIP I, there were no explicit partnerships established for environmental management with key institutions and NGOs to preserve rare flora and fauna species. Nor did IFAD did enter into clearly articulated partnership frameworks with national and international stakeholders, that would have contributed to leveraging the competences and resources of all and could have enabled better addressing gaps along implementation.[83]

92. **Project-related partnerships with Rome-Based Agencies**. Regarding partnership development and collaboration with the Rome Based, IFAD's performance has been closely related to project implementation. An MoU among SMLP, FINCLUDE and WFP was under preparation at the time of the CSPE, for collaboration on the school-feeding program and on gender equality issues. Also, since 2020 IFAD partnered with FAO for the implementation and co-financing of the Rural Poor Stimulus Facility launched to mitigate the consequences of the Covid-19 pandemic.Furthermore, the three RBAs have collaborated in supporting Eswatini's participation in the Food Systems Summit Dialogue in October 2021. At the same time, IFAD has not been systematically active in the work of the UN Country Team and is absent from the current UN Sustainable Development Cooperation Framework (UNSDCF).

93. Thus, IFAD's partnerships with the UN and other international donors have largely been realised through the projects, which is understandable because IFAD has no country office. Arguably, the absence of a sectoral coordination mechanism in place in Eswatini, that would typically generate opportunities for other types of collaboration, did not favour the development of more strategic partnerships so far.

**Policy engagement**

[82] Please see the section Environment and natural resources management and Adaptation to climate change.
[83] A case in point is the missed opportunity for ESWADE to work with UNDP, the Eswatini National Trust Commission (ENTC), the Eswatini Environmental Agency (EEA) and the Climate Change Unit of the Ministry of Tourism and Environmental Affairs (MTEA), on biodiversity conservation, climate change mitigation and adaptation reporting, monitoring and knowledge management especially because the country reports to the UNFCCC and other international organisations on these aspects.

94. **Overall, IFAD achievements on policy engagement were notable in the rural finance sector, and satisfactory on other topics.** The COSOPs plans about policy dialogue were over-optimistic by aiming at a wide range of topics on which to engage. Both CSNs appeared to be more realistic in this respect. Still, results were important, as analysed below.

95. **Important achievements on policy engagement in the rural finance area.** Through multistakeholder consultations, the MFU supported by RFEDP worked with other government partners, funders, and non-state agents to develop policies and strategies that are meant to contribute to poverty alleviation, and at the same time increase inclusion of the rural and poor communities in the process of economic development. Achievements were as follows. The Consumer Credit Policy, developed in 2013, was in force as evidenced by the Consumer Credit Act (2016) and ensured that consumer lenders practiced responsible lending through full disclosure and reasonable pricing. In the words of one stakeholder, "the Consumer Credit Policy levelled the playing field for other players". The National Financial Inclusion Strategy (NFIS) was also under implementation by various sector players with oversight from the CFI. Unfortunately, the implementation of the Consumer Credit Act had stalled, because of role conflicts between the two regulators (the Central Bank of Eswatini and the Financial Services Regulatory Authority/FSRA). At the time of the CSPE it was reported that a revision of the Act had been completed and was expected to be tabled in parliament in the last quarter of 2021. The Microfinance Policy had not advanced per se, but a decision had been made to merge this into the revised National Financial Inclusion Strategy in 2022. Lastly, RFEDP also contributed to the process of drafting a Financial Cooperatives Bill along with the establishment of the cooperatives apex. The Bill was yet to be presented to Parliament as of October 2021.

96. **Contribution to policy dialogue on water and land management**. Although one of LUSIP I objectives was also the piloting of the national water policy under approval, by the time of the project completion, this had not happened due to delays in the approval of the Water Act and adoption of the water pricing policy. IFAD also made direct and indirect efforts to contribute to the revision of the Land Policy, through LUSIP I, LUSLM and the grant with title 'Land and Natural Resource Tenure Security Learning Initiative for East and Southern Africa – Phase 2 (TSLI-ESA-2)', but at the time of the CSPE the policy was still pending finalization and approval. Also, SMLP has contributed to the development of the draft irrigation water pricing regulations, aimed at improving water efficiency.

97. **Contribution to policy dialogue on nutrition**. SMLP and IFAD Country team engaged with the Eswatini Nutrition Council of the Ministry of Health and the MoA Home Economics Department, to develop and launch the National Nutrition Mainstreaming Strategy, including the selection of its implementation indicators.

98. **Summary. The CSPE assessed the coherence of IFAD's country strategy and programme as satisfactory (5). Knowledge management was assessed as moderately satisfactory (4), partnership building as moderately unsatisfactory (3) and policy engagement as satisfactory (5).** IFAD has occupied a specific and important niche in Eswatini and has done so in a consistent manner by building over its earlier experience and the capacity it has progressively developed in the country. A specific building block of the programme – unusual for IFAD - has been the successful engagement at the policy level in the rural finance sector, which is positively serving the successive interventions. However, despite the successful partnership with the Government and the implementing agencies, the low number of peer partnerships with other organizations, together with weaknesses in the M&E systems for Knowledge Management, have somewhat affected performance.

## C. Effectiveness

99. This section analyses the effectiveness of IFAD-supported interventions, by thematic areas. Effectiveness is the extent to which an intervention or a country strategy achieved, or is expected to achieve, its objectives and its results at the time of the evaluation, including any differential results across groups. Results of IFAD-supported innovations will also be discussed here.

### *(i) Promotion and development of an inclusive rural finance policy in Eswatini*

100. The IFAD-supported interventions that contribute/d to the thematic area 'Promotion and development of an inclusive rural finance policy in Eswatini" were/are the loan-supported RFEDP and FINCLUDE and the regional grant Support to Farmers Organisations in Africa Programme. However, effectiveness could not be assessed for FINCLUDE, considering its early stages of implementation at the time of the CSPE.

101. **Overall positive results in contributing to the promotion and development of an inclusive rural finance policy, although with different degrees of success at the macro, meso and micro level.** Positive results were tangible mostly at the policy and institutional level; some results were reached at the meso level, while only minimal results were visible at the micro-level.

102. **Significant success at the macro, policy development level**. As recognized by virtually all stakeholders, RFEDP created significant long-lasting benefits by supporting development of a law and several policies that support the right operating environment for financial inclusion, by establishing mechanisms for sectoral coordination and by bringing financial inclusion to the national limelight. Part of the positive legacy of RFEDP stems also from the uptake of the many lessons that it generated into the design and initial implementation of FINCLUDE, as already discussed above, which shows how important – and necessary – the first investment through RFEDP was.

103. **CFI as the main institutional result**. The Micro Finance Unit (MFU) – which later became the Centre for Financial Inclusion (CFI) - was set up to execute RFEDP from within the Ministry of Finance. Its institutional position, the first of its kind within the region, enabled it to act as the governmental leader in the domain of rural finance, as a policymaker, regulator and promoter. As of 2021, CFI is not only an authoritative and influencing voice on issues of financial inclusion, but it ensures the existence of the right policy environment and sector coordination, which in turn is expected to generate more organized support and appropriate leverage of resources for better outreach. The policies developed through RFEDP are contributing to the enabling environment in which FINCLUDE, also implemented by the CFI, and any other project that aims to enhance access of smallholder producers to inclusive rural finance, should be able to make progress.

104. **Lasting positive results at the meso level for some Microfinance Institutions**. The CSPE found evidence of some cases of productive collaboration between IFAD supported interventions and a few Micro Finance Institutions (MFIs) that have resulted in positive results and benefits that live on to date, as presented in Box 3 below. Overall, supported institutions strengthened their institutional capacity, skills and competences, and visibility; some managed to expand their clientele and to offer better financial products. A particular successful story concerns MTN Fintechs, that succeeded in fostering the expansion of mobile money in Eswatini thanks to RFEDP's support.

Box 3
**Main results of IFAD's support to the meso level in the area of rural finance**

- The MFI Inlanyelo, through a diagnostic study and training undertaken with RFEDP support was able to transform a project strategic focus into an institutional focus, creating new positions in line with the new structure. Through training they streamlined various systems including performance management and consumer protection among others;

- The MFI Imbita received technical assistance from RFEDP for an institutional assessment and training of loan officers on portfolio management, on the basis of which the NGO was able to review savings withdrawal policies, carry out a market survey to better understand customer needs which led to the development of emergency loan and simplify the application loan process. A RFEDP donation of USD 20,000 approximately enabled Imbita to start offering credit to self help groups based on peer guarantee and to broker a partnership with MTN which led to the introduction of digital savings and loan disbursement. Approximately 5000 new clients were registered during the partnership with RFEDP. As of 2021, 90 per cent of Imbita transactions are through mobile services and its clients have accrued benefit of access to a wider product choice. These improvements have made Imbita more attractive to other donors;
- MTN Fintechs benefitted from RFEDP support to attend mobile-money conferences in Peru and in the Republic of South Africa to learn how the mobile money was being rolled out in those countries; the immediate result was that MTN was able to prioritize the mobile money services by developing a new kiosk model and later, an agent strategy which focused on physical presence to replace the ATM model; the first 50 kiosks were funded by MFU, and the success of these 50 enabled MTN management to approach its Board for approval of an expansion plan. Currently there are about 600 kiosks across the country, with an agent/customers ratio of 1:101; the objective is to achieve a ratio of 1/60.
- The Eswatini National Agricultural Union (ESNAU) benefitted of an IFAD grant implemented by the Southern African Confederation of Agricultural Unions (SACAU). The grant enabled ESNAU to develop its internal institutional capacity, and to develop and strengthen its capacity and visibility as a solid advocacy organization in support of the smallholder agricultural sector, and as a provider of economic services to farmers. Its acquired visibility and competence led to collaboration with RFEDP on various issues. These included the organization of a Youth Summit that brought youth from all over the country, issuing a Call for Action that was then used for a youth advocacy agenda and raising attention to youth in agriculture; and a contract to provide technical assistance to the RFEDP-supported Shiselweni piggery. As of 2021, ESNAU had signed an MoU with FINCLUDE.

105. **At the same time, other MFIs did not grow stronger through the collaboration with RFEDP and collaboration with financial institutions did not lead to successful products.** One former partner complained that RFEDP focused too much on training rural enterprises and did not pay attention to the institutional capacity needs of all partnering MFIs; and some MFIs had ceased operations by the time of the CSPE, although reasons were not clear. RFEDP also performed poorly regarding product development: out of the 6 products developed, only the livestock feed lot loans promoted by an IFAD research grant implemented by ILRI went through to pilot commercialization.[84] Another product, a guarantee-scheme with one commercial bank, did not take off beyond the concept stage because the bank personnel changed midway through the concept development, there was no handing over to the new staff and RFEDP did not follow-up.

106. **At the micro level, targets of trainee numbers were exceeded but growth and sustainability of enterprises were not pursued**. At micro level, RFEDP reached out to 2,678 participants on enterprise training, exceeding its targets by 167 per cent. The RFEDP Impact Evaluation Survey in 2017 found out that the number of project participants who owned small enterprises had risen from 9.6 per cent in 2014 to 76 per cent in 2017, and that 61.4 per cent of these enterprises were started during the project period. Moreover, 30 per cent of those who were trained by the project went on to apply for loans, not a high share but neither totally negligible.[85] CSPE interviews at community level also showed that RFEDP

[84] Failure of the endeavour did not depend on the financial product.
[85] RFEDP PPE (2019).

had created significant awareness amongst communities regarding concepts of farm and non-farm entrepreneurship and financial access.

107. Overall, these data could bode well for future interventions. However, the Impact survey calculated the default rate experienced with beneficiary loanees at 30 per cent, well above the general market best practice, usually below 10 per cent. The CSPE attributes this to either inadequate financial literacy on the part of beneficiaries, inappropriate loan products on the part of providers or a combination of both factors. In general, the intended financial linkage benefits were marginal, and in some cases, the reported benefits were of a general nature. For example, one partner reported that there had been improvement in loan repayments, income and employment generated, but they were not able to quantify.[86] Overall, it appears that the project focused on attaining quantitative results and not so much impact beyond those numbers.

108. A concluding note about FINCLUDE: at the time of writing this report it was far too early to gauge the likelihood of the project achieving the objectives. The CSPE noted that preparatory work as of October 2021, including the stakeholder start up workshop, budget planning and awareness raising at chiefdom level, suggested that learning from RFEDP was being put into practice. Overall, a very dynamic and attentive management will be needed to succeed, as well as full collaboration by a host of other institutions and organizations

***(ii) Support to smallholder farmers' access to markets through the development of local and export-oriented value chains***

109. The IFAD-supported interventions that contribute/d to the thematic area 'smallholder farmers' access to markets through the development of local and export-oriented value chains", hereinafter 'Market Access thematic area', were/are the loan-supported LUSIP I and SMLP and the grant Strengthening Nutrition in Agri-food Systems in East and Southern Africa through Root and Tuber Crops (FoodSTART –Africa), hereinafter called the Orange-Fleshed Sweet Potato (OFSP) grant.[87] IFAD also funded a regional grant, called Phyto-Trade, that supported the development of value chains of indigenous plant products. The little evidence canvassed by the CSPE suggested that the grant had been effective in supporting the indigo value chain.

110. **The value chains supported by IFAD country programme in Eswatini were very diverse, as were the results that each had achieved by the time of the CSPE.** Under LUSIP I, IFAD supported smallholders to become part of the sugar export-oriented industry; through SMLP, the focus has been on local value chains, which embody a strong dimension of food and nutrition security. And Phyto-Trade focused on a natural indigenous product, indigo in Eswatini, that embedded at the same time cultural and natural biodiversity and could generate incomes for participants in the value chain. Therefore, the discussion of results was forcedly by value chain, or group thereof.

111. **IFAD supported the industrial and export-oriented sugar cane value chain by developing legal tools that enabled access and control of land and water for smallholder producers**. Through LUSIP I, approximately 3,300 smallholder farming households, 157 of whom had to be resettled, were given access to irrigated land in a 3500-ha scheme, to grow sugar cane and other products. Farmers were organized by the IFAD-supported Agricultural Development and Environmental Management Unit (ADEMU) in 70 Farmer Companies (FCs),[88] 52 of these engaged in sugar cane production, 12 in other crops and 6 in livestock.

[86] The PPE was especially critical of work done at this level.
[87] Both LUSIP I and SMLP also addressed livestock value chains; results of these efforts are discussed in the Thematic Area "Livestock value chains" later in the report.
[88] The LUSIP I design report planned 130 FCs; the number was revised to 65 at MTR.

The ESWADE Annual report 2015 indicated 95 FCs established on the scheme.[89] The attributed SNL area to each FC was variable, from 50 ha to 170 ha, according to local specificities and conditions of each Chiefdom. The Chiefdom Development Plan process and the Enhanced Chief's Letters of Consent were developed in this context, to enable the participation of the population in the decisions-making process about their future, including the ownership of land and access to irrigation water.

112. **Farmer Companies were critical for engagement of smallholders in industrial value chain**. The establishment of FCs was a 'critical' step in the view of stakeholders, including the sugar cane company established by the PDA,[90] as it represented the bridge between smallholders who only had access to SNL and practiced subsistence agriculture, and commercial farming and engagement with an agro-industry VC. Since inception, cane growing FCs had an easy access to bank loans, thanks to the well-established market structure with mills where loan repayments can be made directly to the bank.[91] The sugar companies provided and still do as of today, extension services to the smallholders for sugar cane cultivation. Reportedly, members of FCs typically had some knowledge about sugar cane production also because some already engaged in sugar cane cultivation on a small scale, before having access to the irrigated plots. Reportedly, there has been no, or very limited change in land occupation since smallholders settled in their newly assigned plots, a process that took place over a few years. More information about the sugar cane industry at the LUSIP I scheme is reported in Box 4 below.

Box 4
**The sugar cane value chain at the LUSIP I irrigation scheme**

- All sugar cane produced is sold to one mill located at the LUSIP I PDA. As per the Sugar Act in conjunction with the Sugar Industry Agreement, the price for sucrose is set by the industry bodies and is approved by the Council of the Eswatini Sugar Association,[92] that brings together both growers and millers in equal representation. Thus, growers are part of the price-setting process; the actual price paid per ton of sugar cane is then adjusted to take into account the sucrose content of each lot. Growers are also compensated for by-products from a stick of cane by incorporating this in the sucrose price.
- At the completion of LUSIP I in early 2014,[93] 3,050 ha were cultivated with sugar cane, representing 61 per cent of the estimate at MTR. The ESWADE 2019/2020 Annual Report indicates that in 2019, the sugar cane harvested area in LUSIP I was 4,989 ha, a 63 per cent increase in five years. The same report assesses the contribution of LUSIP I to represent 8.03 per cent of the national sugar cane production.
- According to farmers interviewed by the CSPE, yields have been fairly good over time, almost always above 90 tons cane/ha (TCH) and in most cases close to or above 100 TCH. This can be considered an acceptable level of productivity, considering that LUSIP I design had set the anticipated yield at 95 TCH, based on the observations from the Komati Downstream Development Project (KDDP).[94]
- However, the ESWADE 2019/20 Annual report indicates for LUSIP an average 91.7 TCH, a significant decrease from the 109 TCH recorded the previous year as well as from the 101.8 TCH reported in 2015.

113. **The production system developed around the scheme with IFAD's support has been effective and yields of sugar cane have been reasonable over time, but the natural production cycle of the plantation is approaching its**

[89] Figures about the number of FCs have to be taken as indicative due to discrepancies within and across reports.
[90] Ubombo Sugar Limited, part of the Other Crop Farming Industry, see https://www.dnb.com/business-directory/company-profiles.ubombo_sugar_ltd.7a8f18c77f9c68a8e98049736daaa01e.html; Web site visited on 27 October 2021.
[91] LUSIP I PCR, 2014.
[92] The Eswatini Sugar Association is an umbrella organization bringing together all growers and millers of sugarcane, see http://www.esa.co.sz/#about; Web site visited on 27 October 2021.
[93] LUSIP I PCR, 2014.
[94] KDPP, located in the Northern part of the country, is a predecessor to LUSIP.

**end**. Smallholder farmers in the LUSIP I PDA can still successfully grow sugar cane and obtain a reasonable yield from it. Sugar cane has also proved to be resilient to cyclones and to suffer less from climate hazards. During the 2017 drought, farmers in the PDA, albeit also affected, could grow sugar cane and still generate an income as the mills remained operational. However, yields decrease with time and as of 2021, some FCs should start investing in expensive works related to uprooting, removing, replanting. In some FCs, moreover, individual holdings are small, below 2 ha, and even good yields are not sufficient to pay for continuously increasing production costs. Electricity bills that have come to represent 26 per cent of production costs from 12-15 per cent, due to a 117 per cent increase of electricity costs in irrigation between 2014 and 2020.[95] Other costs on the increase are reportedly incurred for: haulage due to increases in fuel prices; maintenance due to the need to repair and replace pipes due to poor system design; and farm roads repairs. The extent to which this translates into raised incomes and improved livelihoods for smallholders is discussed in the Impact section, later in the report.

114. In order to diversify incomes, and diets as well, part of the irrigated area was to be dedicated to other cash crops for the market and to food crops for the households. Each households had access to 0.5 ha of irrigated land for home garden food production. In total, at project completion, 181.6 ha were used for cash crops, mainly bananas and a few other perishable crops such as pitaya, papaya, guavas, greenhouse tunnel tomatoes; and 139.1 ha were occupied by commercial gardens.[96] Reportedly, also maize was/is grown under irrigation. The 'alternatively' cropped area altogether at project completion represented 21.4 per cent of the target at MTR. As of 2019/20,[97] the 'cumulative' cultivated area was 166.7 ha, 50 per cent of the area when compared to five years before. Thus, as recognised by the PCR and many stakeholders, crop diversification has been a challenge on the PDA, although reasons did not emerge clearly. Farmers interviewed by the CSPE acknowledged low interest in engaging individually in other cash crops, due to the following reasons: commercial gardens, of 1 ha, have access to water only if they are located on the FC's land, away from their homes and at risk of being stolen; and in their home gardens, irrigation is not allowed. At the FC level, however, interest was expressed for engaging in alternative productions for the market but, reportedly, this has not been allowed on grounds of water scarcity. This is discussed more in detail in the next section.

115. **Banana as an example of complexities linked to alternative cash crops**. A specific case were the two banana-growing FCs, established in 2014 to provide land mostly to resettled households. For unclear reasons the two FCs had a difficult start. According to ESWADE, thanks to a 2015 Tripartite Agreement among FCs, ESWADE and Swazi Bank that led to enhanced technical assistance and a lighter debt repayment schedule, in 2021 the FCs were on the good path to become profitable. Dividends had been shared since 2016, with the only exception of 2020 due to the COVID-19 pandemic. In ESWADE's view, banana is a promising crop, with a better prospect than sugar cane at the moment, and LUSIP II farmers[98] will be advised to invest in it. Also, in ESWADE's view, the banana FCs were ready to make their autonomous decisions on cropping matters, although support will likely still be required in future on marketing and relationships with exporters.

116. A few CSPE interviewees from one Banana FC, while acknowledging that they had gained nice houses, stated that this had come at the cost of losing their land, their

[95] Energy challenges and impacts on viability on smallholder sugarcane growers in the Eswatini sugar industry, Renewable Energy Innovation Platform, Nkululeko Dlamini, Eswatini Sugar Association, June 2021, powerpoint presentation.
[96] Commercial gardens are not better specified in the documents available to the CSPE. The LUSIP I PCR states that commercial gardens "… include some production for home consumption".
[97] ESWADE 2019/20 Annual report.
[98] LUSIP II is the second scheme under construction on the remaining 3,000 ha to be irrigated out of the initial plans. IFAD did not engage in this endeavour.

incomes and any possibility to generate one. Mention was made of hunger, poverty, inability to send children to school and to pay for potable water; because of their brick-houses, they were not entitled to any other project nor food aid, while still bound to pay for the initial loan. Although a deeper analysis would be necessary to better understand the issues involved, these cases call for attention to the fact that the access to, and distribution of benefits from the LUSIP I scheme has not been the same for the entire concerned population and that a share of them, hopefully a small one, is living in worse conditions than before.

117. **Local markets and food-security oriented value chains identified and expected to be managed by Innovation Platforms.** The pro-poor value chains supported through the IFAD interventions were selected in collaboration with Ministry of Agriculture, based on an analysis of market demand for products that showed an interestingdevelopment potential on rainfed smallholder farms. This resulted in priority given to beans, honey, vegetables, fruits, goats and Indigenous Chickens. Innovation Platforms were to be set-up for the equitable management of each VC and reportedly, four were established.[99] Among these, the parastatal national marketing board NAMBoard was leading the vegetable value chain and coordinating the relationship between producers/suppliers and buyers, for example by developing the specifications to be met by market-oriented farmers for the various agricultural products. Another parastatal, the National Maize Corporation, was leading the beans value chain.

118. **Despite reported progress on capacity development, value chains were making uneven progress and Innovation Platforms were not effective in ensuring fair distribution of benefits along the value chain**. Interviews with farmers participating in the vegetable value chain stated that significant returns were not visible yet, but production was useful for home consumption, and they had contracts with NAMBoard. However, producers had no perception nor knowledge of any mechanism whereby they could negotiate better recognition, and prices, for their labour. Interviewees mentioned a list of obstacles to their marketing efforts, namely: poor state of roads, including feeder roads to reach a nearby packhouse; very low profits for the products sold to processors and intermediaries; input limitations, which could even be a low-cost fence to protect a vegetable garden from stock. In general, interviewees wanted to have multiple income streams and expand and grow their businesses, to produce and market more of the same. Demands and expectations for support and assistance looked important and urgent, and indicated a strong dependence on ESWADE. Thus, leaving such requests unheeded would represent both a missed opportunity and a loss of credibility for SMLP and ESWADE. At the same time, there is clear room for improvement towards developing a stronger autonomy and self-sufficiency among producers and for enhanced skill-transfer on various fronts.

119. **Overall, as of October 2021, IFAD's aim to develop two agriculture pro-poor value chains appeared to result instead in mostly supporting the production of vegetables and beans, which have a good potential to improve the food security, the nutritional status and possibly also the incomes of producers**. Regarding the value chain development per se, the CSPE noted that the very language used in the reports and by Project Management suggested little clarity about the complexity of developing a value chain and of the amount of support and time required for it to take off and function. For example, the CSPE noticed a major gap at the level of farmers' production and productivity, which will need to be addressed for farmers to benefit from local markets. And unless farmers' incomes increase through a more equitable management of the value chains, the sustainability of these businesses will be at risk. The results that are likely to be attained in terms of improved production and possibly some better access to market, do deserve good recognition. At the same time, it is highly

[99] SMLP Supervision Report, August 2021.

unlikely that any functioning value chain will be established by the end of SMLP. The decision by IFAD and the Government to adopt the cluster approach (see Box 6 later in the report) to link producers to the markets, as planned for FINCLUDE, indicates an interesting shift of focus, which will prove its worth only with time.

120. **IFAD country programme contributed to the national nutrition policy and is reaching out to the household level**. Within the objectives of developing value chains, all IFAD projects in Eswatini included, more or less explicitly depending on the corporate strategies at the time of project design, the objective of improving the nutritional status of project participants and of the population at large. As briefly mentioned earlier in the report, the IFAD Country Team and SMLP contributed to the development and launch of the National Nutrition Mainstreaming Strategy and the selection of its implementation indicators, in support of and in collaboration with the Eswatini Nutrition Council of the Ministry of Health and the Ministry of Agriculture Home Economics Department. The collaboration also comprised capacity development of 50 extension officers; the establishment of 880 nutrition gardens; a clinic survey conducted in the project chiefdoms to determine the most prevalent diseases and the associated nutrient deficiencies.[100] As of mid-2021 a nutrition baseline survey was still pending, making it unlikely that useful data to measure impact at the end of the project will be available. Nevertheless, it could still be useful to develop nutrition messages or interventions tailored to the different groups of producers and households. Furthermore, SMLP, in partnership with the Department of Home Economics, embarked on the delivery of cooking demonstrations to train farmers on nutrient preserving/enhancing food preparation, also through radio programs that seem to have a sizable audience.

121. **On-going IFAD grant-funded support to nutritional improvement and value chain development appeared to be promising**. Starting in 2019, IFAD supported the introduction and official release in Eswatini of the most suitable varieties of the Orange-Fleshed Sweet Potato, a crop that has a high Vitamin A content, and thus a high nutritional value, but that was virtually unknown in the country. Implemented by the Maputo-based unit of the International Centre for the Potato (CIP) and executed by the Ministry of Agriculture Research Department in collaboration with SMLP, activities included on-field trials of several varieties of Orange-Fleshed Sweet Potato, adapted to the soils and climate conditions of Eswatini. At the time of the CSPE, the trials were still ongoing, but preliminary positive results were already emerging. According to one participant who had agreed to have the Orange-Fleshed Sweet Potato tested in her fields, she appreciated the cooking and processing demonstrations on the myriad of uses of this variety, including juices, chips and mash.

### *(iii) Promotion of sustainable water resources conservation and irrigation management*

122. The IFAD-supported interventions that contribute/d to the thematic area 'Promotion of sustainable water resources conservation and irrigation management", hereinafter 'Water Resources Management thematic area', were/are the loan-supported LUSIP I and SMLP. Here as well, there were significant differences in the type of interventions. In the case of LUSIP I, IFAD provided down-stream support for smallholders' management of land plots in a very large irrigation scheme operated by ESWADE. In SMLP, infrastructure works comprise rehabilitation and/of construction of small earth-dams, small-scale irrigation schemes, rainwater harvesting at household level.

123. **Support provided to the establishment of irrigation scheme and water management institutions did not achieve satisfactory results.** The IFAD-supported ADEMU had, among its objectives, the establishment of water

[100] The CSPE found no information about the results of these activities.

management institutions,[101] in line with the requirements of the National Water Act (2003), to ensure timely water delivery from balancing dams to farmers' fields. This activity met huge technical, political and financial challenges, it took longer than planned for it to initiate, required significant adjustments, and remained partly incomplete. The Lower Usuthu River Basin Authority (RBA) and the Siphofaneni Irrigation District were established as initially planned. As of 2021, however, ESWADE was still playing the role of provisional service provider for Operations & Management (O&M) of the entire scheme, including the Lubovane Reservoir, although this role was initially intended to be handed over to a private Water Service Provider by project completion.

124. **Water Users Associations not functioning**. At producers' level, ten Water Users Associations (WUAs) were established, against 130 planned at design and 12 agreed upon at MTR when the decision was made that several FCs would be represented by one WUA. WUAs were supposed to be responsible for the O&M of the tertiary infrastructures as well as for transmitting water orders from the FCs to the Water Service Provider, and thus play a crucial role in the management of the scheme on behalf of the FCs. This however had not become reality as of 2021, because the WUAs were not functioning. Evidence gathered by the CSPE through interviews suggests three main reasons for their failure: lack of monetary incentives to the members of the WUAs to participate; lack of a budget for WUAs, that therefore cannot operate and carry out any O&M; failure by the responsible entities, namely ESWADE and the Siphofaneni Irrigation District, to follow-up and develop the WUAs' capacities and to organize the link between FCs and WUAs. The result was that en-lieu of 10 WUAs representing and negotiating on behalf of 300-400 farmers each, approximately 70 FCs, each representing 40 to 50 producers, had to communicate directly with ESWADE and the Irrigation District on all issues. The low capacity of WUAs to operate and to play a role in conflict resolution resulted in FCs losing their negotiating power vis-à-vis the organizations managing the water release from the main reservoir. This in turn appeared to be one of the causes of problems in the access to water and in the ineffective yet continuous reporting of dissatisfaction by water users about the service provided by ESWADE.

125. **Community-based institutions entrusted with water and irrigation management**. The management of the dams was entrusted to the recently established Chiefdom Development Committees (CDCs), in addition to their other tasks;[102] and Chiefs will be responsible for the resolution of land and water management conflicts. WUAs were not foreseen. Although the CDCs were so far highly useful and instrumental in addressing land and natural resources management, two interlinked aspects will need attention. On the one hand, the roles and responsibilities of each and all stakeholders in the infrastructure maintenance and in water management should be clearly defined as early as possible. This should include mechanisms for addressing the competing needs and safety-related risks, such as water quality for livestock and wildlife, emerging from agriculture, livestock and wetland restoration use. On the other hand, water management requires specific competences, and a mechanism should be set up enabling easy access to technical advice from the Ministry of Agriculture, which would still respect the full authority of Chiefs and CDCs in the decision-making process.

126. **Variable access to water from the LUSIP I head dam**. Interviewees stated that most FCs with limited irrigations areas (50 -70 ha) were generally receiving allocations that met their water permits and needs. However, FCs with bigger irrigation areas (more than 100 ha) were forced to limit irrigation to 50 per cent or

[101] These included: a River Basin Authority, an Irrigation District, a Private Water Service Provider and Water Users Associations

[102] CDCs are established in the context of the CDP, to run the process and oversee the implementation of the plan itself. Membership comprises local authorities and community members.

even less of their potential area, because they were not receiving all the water assigned to their permits. Issues of transparency in the use of the water resources from the head dam were mentioned as the main reason for water scarcity at the FCs level, with water from the Lubovane Reservoir being used to irrigate properties located in the Title Deed Land (privately owned land), rather than being exclusively assigned to FCs located on the Swazi National Land. An additional factor that seemed to play a role in water scarcity was the progressive entry-into-operations of LUSIP II irrigated area.

127. **Water distribution and infrastructure challenges in LUSIP I PDA**. Other reported problems by FCs regarding access to water included the duration of maintenance works during which water was not delivered, from the expected one week to a month in some cases, which affected crops in the field; a not-so reliable water distribution schedule, that caused inefficiency in the overall use of water; and the inadequate size of a few balancing dams at the head of the tertiary irrigation infrastructure, that prevented the regular delivery of water to farmers. The dramatic increase in electricity cost was mentioned earlier in the report; an aggravating factor was the location of the balancing dams that did not allow water flow by gravity, hence the unavoidable high energy consumption per se. Moreover, FCs needed to invest in the irrigation infrastructure to substitute pipes of low quality that had started leaking; and some FCs needed to invest in drainage to manage water logging in the fields, probably due to soil type, which had not been considered at the beginning.

128. **Mixed results regarding the long-term prospects for Operations and Maintenance of the LUSIP I scheme**. These important issues notwithstanding, most FCs appreciated the overall quality of the water delivery service and the O&M provided by ESWADE. FCs have been contributing 10 per cent of the O&M costs that amount in total to approximately USD 1.3 million/year. Thus, without a significant subsidy from the Government to ESWADE, FCs would not be in a position to pay for the scheme O&M. At the same time, the issues just described at the institutional and infrastructural level were affecting the functioning of the LUSIP I scheme and appeared to erode the benefits that the FCs could generate.

129. **IFAD's involvement in the resettlement of population was quite complex and achieved reasonable results, though not equitable for all.** As anticipated at design, the construction of the scheme implied the resettlement of 186 households who lived in the area of the head dam and main canal works.[103] The LUSIP I PCR acknowledged that the Resettlement Comprehensive Mitigation Plan put in place had been less than successful. At project completion, the process of compensating the Shongwe Chiefdom for the loss of rainfed arable land had not been completed yet. Eventually, 157 households were given access to land in the PDA, while 29 were not relocated and received financial compensation for the loss of rainfed arable land and other impacts. The PCR reported that 72 (46 per cent) of the resettled households were members of an FC at project completion. The remaining 84 had priority access to livestock and tunnel agricultural enterprises starting as of 2013; small garden development and LUSLM activities.

130. **Support to small-scale water management infrastructures significantly reduced and progressing slowly**. After the efforts dedicated to the large-scale irrigation scheme, IFAD country programme focus "returned" to rainfed smallholder production, with the objective, among others, of building small earth-dams that could provide water resources for various uses, from irrigation to livestock to domestic use. At the time of the CSPE, from an initial target of 18 earth-dams to be built at design, reduced to 5 at MTR, one earth-dam in Nceka had completed rehabilitation,[104] and a new earth dam in Ngoloweni was being built, with progress

[103] The PCR classified these as category A, i.e., needing relocation.
[104] Works addressed design problems of the dam that caused siltation and erosion by the spillway; also, PVC pipes placed above the ground had been replaced with steel pipes that can withstand the local environment.

estimated at 80 per cent. Overall, the works looked adequate to enable irrigation for vegetable production in the downstream areas, where vegetable production was already on-going. In Nceka, the final irrigated area will be 45 ha and a 26 member Farmers Association was already working 31 ha under sprinkler irrigation, with each member taking care of about 1 ha/each. At the time of the CSPE field work, the sites looked promising, and farmers showed a high level of enthusiasm at the prospect of having access to a safer and more reliable source of water. Reportedly, farmers had contracts with NMC and NAMBoard to market their production. Also, full attention had been paid in construction so that the earth dams would operate by gravity; and a solar energy pump had been installed where water has to be lifted from the river, in Nceka.

***(iv) Promotion of sustainable and innovative approaches for livestock value chains***

131. **The inclusion of measures addressing livestock management in IFAD programme correctly reflected the important role that livestock, and bovine cattle in particular within it, play in Eswatini culture and rural economy, including as a social security asset.** Within the IFAD portfolio, the lending operations LUSIP I and SMLP, together with the regional grant "Innovative beef value chain development schemes in Southern Africa" have contributed to the thematic area 'Promotion of sustainable and innovative approaches for livestock value chains", hereinafter called 'Livestock Value Chains thematic area'.

132. **Satisfactory level of synergy between lending and non-lending operations on the beef fattening value chain.** IFAD had identified livestock enterprises early on as one of the possible diversification businesses from sugar cane in the LUSIP I PDA. A regional research grant, which came to be called SwaziBeef, was designed and launched, implemented by ILRI in collaboration with ESWADE in the PDA, exclusively addressed the beef fattening value chain. Its purpose was to test the economic, technical and cultural feasibility of fattening animals in mini-feedlots with feed and fodder produced on-farm, before marketing for slaughtering. The approach was highly innovative in Eswatini, where typically cattle grazes on pasture during the rainy season, and on crop residues after harvest; and beef fattening, if done, is carried out with imported ration. To be successful, the initiative also required a change of attitude among producers and a shift from considering cattle as an asset for security to looking at it as a marketable commodity. The target group were sugar cane growers who wished to diversify their agricultural activities and so reduce risk. Women and young people were specifically targeted for participation, and cattle traders participated as direct beneficiaries. To be eligible to participate, farmers or groups needed access to at least 2 ha of irrigated land to produce fodder, which was not difficult to achieve.[105]

133. **Successful collaboration also regarding access to financial resources for the feedlot management**. During grant implementation, RFED facilitated access of the grant-supported beef producers to a financial product that met the specific feed-lot financing needs, developed with a consulting firm and offered by Nedbank. Three cycles of disbursements were successfully completed during the grant.

134. **Despite positive results at grant completion, no evidence of lasting positive results on feed lots as of 2021.** By grant completion, the feed formula developed with a mix of on-farm grown fodder and residues and waste from a variety of sources was effective in fattening the animals within the planned time-span, and efficient from the financial and economic viewpoint. Four FCs of beef fattening producers had been established. Two had internal conflicts and were not progressing well, while two FCs run by women were successfully managing the business, buying, fattening and reselling animals making a profit and re-imbursing the loans. Reportedly, the grant also provided technical assistance to individual

[105] Most farmers in the LUSIP I had access to 2 ha of land or more.

women entrepreneurs non-members of the FCs, who successfully engaged in the feedlot business. The project had also engaged with traders and there were promising openings ahead, building on the already reasonably well-structured access to global markets of the Eswatini bovine meat.[106]

135. In late 2021, the CSPE found no evidence of any FCs still engaged in beef fattening.[107] Interviewed former members of the FCs mentioned problems of feed cost, as they had reverted to importing the ration. It was also recalled that at that time, beef fattening entailed a higher risk than sugar cane production; and that it required technical knowledge and experience, and entrepreneurial attitude, that participants felt they did not have. Interestingly, a few interviewees who had participated in the feedlot initiatives showed interest in revamping the concept, for both goats and cattle.

136. **Overall, there have been no effects on cattle stocking numbers**. The LUSIP I PCR stated that, contrary to plans and expectations, the number of livestock heads grew during project's life, along with a concentration of cattle ownership in fewer households. This likely reflected opposite livelihood strategies across households: some gave up cattle as a security asset considering they had access to irrigated land for sugar cane production; and others invested in cattle with the income from sugar cane. It appears that LUSIP I did not promote the use of crop residues as livestock feed and after the grant completion, neither ESWADE nor the Ministry of Agriculture sustained and upscaled its results and lessons. It was indeed mentioned that at the institutional level there was no support for a model of sustainable integration, in both environmental and economic terms, of irrigated agriculture with livestock raising and/or fattening. More recently, SMLP has been investing in this direction, with production of fodder crops, better management of crop residues for animal feeding as well as perennial fodder trees. This has come up with great emphasis in more recent supervision missions also due to drought conditions. Work was in progress at the time of the CSPE and reportedly, SwaziBeef knowledge and lessons are taken on board now.[108]

137. **Small livestock businesses promoted through IFAD-supported projects, but little information available about results.** The results of IFAD's efforts to foster and develop small livestock value chains appear variable. In the context of LUSIP I and the GEF-funded LUSLM, 453 farmers started producing indigenous poultry at a commercial level and 380 farmers engaged in producing and selling honey and honey products; and "others" engaged into haymaking, supposedly for cattle feed. In the same area, piggeries, dairy, fishponds and rabbits had been promoted by project completion, but no additional information was available. As of October 2021, interviews suggested that the Indigenous Chickens VC was performing well, both when managed from home or collectively; the chickens fulfilled household food needs and represented a useful source of income. The success of the honey value chain appeared to be related to the experience gained by producers over time. Regarding goats, returns were not visible yet.

138. **Limited net returns to honey and pig producers.** Farmers appeared to be in the position of price-takers for honey and pigs, with no negotiating power to influence the prices they were paid for their products by processors along the value chain. This reportedly resulted in little margins over production costs and no fair retribution to the producers for their work. Honey and pig producers expressed interest in expanding their production not just in volume, as was the case for the

[106] Eswatini beef meat was well known internationally for its quality and the almost complete eradication of most transboundary diseases on the national territory.
[107] In the course of one interview, it was mentioned that one women FC was still operational, but the CSPE was unable to verify the information.
[108] Reportedly, ILRI drew lessons especially for the development of a loan product for smallholder farmers, which have been shared with other ILRI operating countries like Sudan and Malawi. IFAD itself has designed a new multi-country grant taking the SwaziBeef experience to a higher level, with key and influential international partners.

vegetable and beans growers, but also vertically, by engaging in processing and transformation of their products and directly accessing consumers' markets.

### *(v) Inclusion*

139. The CSPE team identified "Inclusive targeting approach that considered the severe challenges faced by a) women and youth in terms of access to resources including land; and b) People living with HIV and AIDS and their households" as a cross-cutting issue in the IFAD portfolio in Eswatini. This section analyses the progress made on this theme. Gender equality is treated extensively in section F below.

140. **Inclusion goals integrated in country strategies**. IFAD's country strategies for Eswatini identified women and youth from the very first 1999 COSOP as the priority target group, alongside "rural dwellers on SNL and peri-urban poor Swazis". People living with HIV and AIDS were added as a priority group with the 2006 COSOP. The 2017 CSN introduced the concept of graduation approaches and of differential attention to the ultra-poor, the poor and those vulnerable to poverty. Also, in line with the evolution of IFAD's own policies, the two Strategic Objectives of the CSNs defined as their respective targets the "food deficient poor smallholder farmers living at a subsistence level as well as smallholder farmers most vulnerable to climate change", and the "economically active poor who are able to sell surplus production and have market access". Along with an explicit reference to their 'needs, interest and preferences', 'vulnerable groups' were included, supposedly encompassing women, youth, and people living with HIV and AIDS. The 2020 CSN followed a similar approach and added 'people living with disabilities' to the target groups.

141. **Inclusive targeting at project design improving over time**. As discussed earlier in the section on targeting, the adequacy of targeting in the IFAD-supported portfolio at design was quite mixed, with significant improvements occurring over time. In LUSIP I and RFEDP, the categories of population who were to be reached with a certain degree of priority by the interventions were not defined, or only poorly. Conversely, the design teams of SMLP and FINCLUDE made a clear effort of drawing lessons from the earlier projects and defined from the beginning who would be considered the priority target groups as well as the criteria for their identification.

142. **No or little information about inclusiveness of targeting and outreach in the earlier lending operations, but progress made in more recent interventions.** The targeting approach in LUSIP I and RFEDP were very vague and reporting on targeting was equally vague during implementation. The lack of data about who was actually participating in IFAD's projects was linked to the low attention devoted in the daily project management to the M&E systems. Over time, as a likely consequence of both IFAD corporate attention to inclusiveness and to the internal learning process already mentioned, the lending operations have definitely improved in the level of inclusion of the activities. Box 5 below presents the features in this respect of each of the four lending operations.

Box 5
**Levels of inclusion in IFAD-supported lending operations**

- **In RFEDP, the consequences of its exceedingly flexible targeting led the project to rely on partners for grassroots outreach**. There is no reason to believe that the typical 'client' of a national NGO would not fit the target groups loosely identified by RFEDP as its target group. However, the lack of both a clearer guidance on who should be included and a proper M&E system that would feed information to RFEDP on actual participants, meant that RFEDP had no direct control on who was participating in the project's activities at community level, and did not know at the end who had actually benefitted. Thus, there is no clear evidence that the project reached vulnerable groups including women headed households, people with disabilities, households affected by HIV and Aids and the youth.

- **In LUSIP I there was full knowledge** about who had his homestead moved within the PDA, who was resettled where, who was a member of which FC and so on. The project however did not use score cards or social registers; all affected households were similarly mobilised and had no real individual choices, but to abandon the area forever. Although the CDP process may have helped in identifying more fragile households, the CSPE found no evidence that the project performed according to its commitment to provide "preferential treatment of poor, vulnerable and/or disadvantaged PDA households". The 2013 Socio-economic Impact survey analysed youth participation, to find out that the project had made no effort to engage with the youth cohorts in any meaningful manner.
- **SMLP making some progress towards higher inclusiveness**. SMLP finalized its Targeting Strategy two years after inception and more recently it also developed a Youth Inclusion Strategy. The Targeting Strategy incorporated the perception of the local community on poverty, elaborated on the gender, poverty and youth focus, and developed the chiefdom specific Targeting Action Plans. Additional features were the contribution of CDCs to profiling households and the self-selection mechanism, whereby households chose the value chain they prefer to join in.
- **Information available about FINCLUDE sounds promising with respect to its commitment to be a highly inclusive project**. Scorecards were developed in collaboration with Ministry of Agriculture, bringing together information on the agroecological zone, the appropriateness and viability of the cluster and value chain in the area. In addition, the project plans to use/ is using a combination of community-based targeting tools, through broad based consultations and dialogues, to develop ownership and interest. FINCLUDE had also already progressed with the due diligence documents and surveys to draft the project M&E system and plan.

143. **CDPs and CDCs promoting inclusiveness**. The CSPE observed one CDC review and refresher training, which combined the CDC with the traditional authorities (bandlancane). This confirmed that both CDP and CDC are deeply participatory processes that contribute to build ownership, self-regulation and sustainability. Members contributed to the discussion, thus showing commitment to the process and to their communities. The platform also offered a basis for feedback by reviewing achievements, discussing barriers and challenges faced which mostly were financial limitations.

144. **Still, inclusion of more vulnerable people and households is difficult in the context of IFAD interventions that are production-oriented and require interest for and readiness to change.** Reportedly, project activities also included families affected by HIV and AIDS. In practice some people with disabilities did participate, as noted by the CSPE; but this may be more an exception than the rule, due to the absence of accommodative measures to remove barriers to promote their inclusion in workshops, let alone in field demonstrations. Direct CSPE's observations at field level further suggest that the more vulnerable households may not be reached through the on-going projects, considering that actual participants are poor rural smallholder producers who have some assets such as access to land and workforce available in the household. This is a recurrent tension in IFAD's projects, which can only be sorted through careful profiling of participants and tailoring of activities according to their capacity, interest and potential to change their livelihoods. In doing so, the graduation approach may help as long as the 'under-graduates' are not left behind in the strive to meet project targets.

145. **Participants suggested different levels of targeting and monitoring**. In this respect, interviewees in the communities suggested, showing a high degree of understanding of the challenges involved, that projects should adopt two levels of targeting and monitoring: i) at the household level, with support focused and monitored for transitioning out of poverty; and ii) at group level, where members are tracked to see if they reach their own self - defined outcome indicators of success, such as whether their children are in school, or whether they are able to pay for utilities from income earned in enterprises.

146. **Youth have emerged with time as a key group with whom IFAD should engage in Eswatini; thanks to a project-level strategy some progress was reported**. In 2020, SMLP developed a Youth Engagement Strategy that analysed barriers to youth participation and proposed ways to encourage youth participation in relevant enterprises by using social media platforms. The strategy disaggregates youth into four categories that take gender into account,[109] and this should help in adequately tailoring messages and proposals based on the prevailing needs of support for each category. Furthermore, in addition to introducing special measures in community meetings to ensure that youth would be reached, the project foresees self-targeting to some extent, to enable meeting the beneficiaries' 'needs and interests'.[110] A menu-based intervention enables community members to participate in the selection of the financial services they need and enterprise activities they want to do primarily as individuals or households and then having the option to 'cluster' along a value chain for economies of scale, efficiency or other benefits. Reportedly, good progress was made in the number of youth businesses engaged in the five SMLP value chains.[111] CSPE youth interviewees mentioned persisting challenges despite their commitment to engage in the value chains, including access to land and timely access to loans when a business proposals is developed, due to the high mobility of youth in search of more secure and permanent sources of income.

**Innovations[112]**

147. **Highly innovative portfolio**. The IFAD portfolio in Eswatini since 2000 has been remarkably innovative. Innovations were wide-ranging and quite diverse, and introduced by all projects so far, as discussed here below.

148. **IFAD innovative and pioneering in Eswatini on the rural finance sector.** Through RFEDP, IFAD addressed head-on the development of the rural finance sector in the country. The project design correctly focused on a holistic approach to develop: (i) the policy and regulatory framework required to create the right environment for players; ii) the institutional support infrastructure that would be the conduit for support; iii) the rural smallholders and enterprises. It also rightly considered the need for both financial and non-financial interventions, and took into consideration emerging technologies, especially those related to mobile money services. Prior to RFEDP, there was little or limited information on financial inclusion, especially on demand and supply of financial services; the whole issue of financial inclusion was a new concept in Eswatini. RFEDP was an opportune bridge at the right time, through which knowledge on enterprise development and financial inclusion was shared, both within and outside government. As of 2021, ten years later, financial inclusion is fully mainstreamed in the Government's development vision.

149. **Several participatory approaches introduced in the country through IFAD**. Although this was not a typical area where IFAD was innovative in the past, in the case of Eswatini the Fund has introduced a number of innovative participatory approaches to farmers' organizations and community development. The first one was the Chiefdom Development Plan (CDP), which is a structured and controlled process that enables communities to discuss and agree on their priority development initiatives, including access to resources, land use and natural resource management at the local level. CDPs lead to "group formation for social,

[109] These are: a) young youth (18-24); b) older youth (25-35); c) male youth and d) female youth.
[110] This was foreseen in the IFAD Country Strategy Note 2020-2021.
[111111] SMLP Supervision mission, August 2021.
[112] Innovation is defined as the extent to which interventions brought a solution (practice, approach/method, process, product, or rule) that is novel, with respect to the specific context, time frame and stakeholders (intended users of the solution), with the purpose of improving performance and/or addressing challenge(s) in relation to rural poverty reduction. The 2020 Corporate-level Evaluation on IFAD's support to Innovation defined transformational innovations as "those that are able to lift poor farmers above a threshold, where they cannot easily fall back after a shock".

traditional and economic opportunities in the chiefdoms."[113] An additional innovation introduced by LUSIP I was the Enhanced Chief's Letter of Consent that paved the way to ownership of land by the Farmers' Companies, which in turn could be used as a collateral with the financial institutions to access loans.[114] The establishment of Farmer Companies for sugar cane production and other products also represented an important innovation that has enabled the participation of smallholder farmers and their access to reasonable benefits within a highly structured and industrial value chain. Last in time, through FINCLUDE, IFAD is introducing the cluster approach, which has been tried in other countries but was new to Eswatini at the time of the project's approval.[115] Box 6 below provides some details on FINCLUDE cluster approach.

Box 6
**The cluster approach through FINCLUDE**

As stated by one stakeholder, *"IFAD has flipped the coin here, instead of banks going to the field, the field comes to the bank through clusters"*, and the approach could be a game changer. This approach, supported by a financial risk instrument management (FIRM), is meant to encourage the banks to increase their participation in various agriculture value chains. The cluster approach brings together farmers who are geographically close and want to produce the same product, without addressing the whole value chain. The focus is on commodity producers with the aim of providing market access solutions and other needed services. This should allow the project to be versatile and respond to the needs of smallholders without the stringent "common bond" concept, and the strict monthly income requirement of savings and credit cooperatives. This also means that each cluster can be unique in line with its needs, and environment. Unlike the community-based savings and credit groups (CBSCGs), the clusters are meant to be more long term and yield greater economic returns.

150. **Range of innovations in agriculture and livestock production**. IFAD has been quite innovative also in terms of bringing to Eswatini new crop varieties and new livestock production models. An IFAD grant managed by the CIP introduced a number of Orange-Fleshed Sweet Potato varieties, which are being tested through on-farm trials before official release. The SwaziBeef grant implemented by ILRI piloted the establishment of mini beef-lots associated with on-farm cultivation of fodder crops to be mixed with other residues to produce low-cost animal feed and fatten animals for the market.

151. **Summary. The effectiveness of IFAD's country strategy and programme is rated as moderately satisfactory (4).** The results of IFAD's lending and non-lending operations have been quite mixed, across and within thematic areas. Important tangible results at the policy level in the rural finance sector have paved the way to potential improvements in access to financial resources for smallholder producers, but these have not fully materialized yet because rural finance is a necessary but not a sufficient element per-se for value chain development. Value chains thrive when all actors participate in their management and equitably share the benefits generated; this does not seem to be the case as of yet in Eswatini, with the partial exception of the sugar cane industrial value chain. Thus, the prospects for local value chains are unclear; the new cluster approach may prove successful, but issues of fair pricing, production costs and access to land, in particular for the youth, will not disappear with a different modality of farmers' organization. Regarding Inclusion, recent improvements were registered regarding

[113] LUSIP I PCR, 2014
[114] The Swazi National Land cannot be used as a collateral. Through the Enhanced Chief's Letter of Consent, each and every concerned household member would relinquish their land in exchange of a share in a FC.
[115] FINCLUDE Project Design Report defines the cluster approach as follows: "The cluster development approach is a rolling process of action-oriented brokering, dialogue and investment facilitation among the key actors in each cluster to catalyse investments and remove bottlenecks to increase trading and profits and make the most of practical opportunities for growth."

youth inclusion, though gaps remain regarding the engagement with the most vulnerable groups.

152. **Conversely, Innovation was rated as satisfactory (5).** A combination of factors has made IFAD support to Eswatini particularly valuable thanks to the innovativeness of the solutions the Fund has brought to bear to address important challenges. Interestingly, innovations have emerged in all thematic areas and at different levels of intervention, from the policy to the production level as well as in terms of participatory approaches.

## D. Efficiency

153. In the IFAD Evaluation Manual (2015), efficiency is defined as the extent to which resources have been economically converted into results. The CSPE assessed the following related aspects: time lags between project milestones; disbursement rates; project management and staffing and performance ratings; efficiency ratings; frequency and composition of IFAD missions; and implementation arrangements. All these are discussed here below.

154. **Time lags incurred at projects' start**. The time elapsed between project milestones is an important indicator of efficiency. The four IFAD-supported projects in Eswatini considered in the CSPE registered an average time-lag of 16 months for the interval project approval-entry into force.[116] This is twice the ESA regional average for the same period, at 8.8 months. However, the average time elapsed between entry-into-force and first disbursement, at 5.7 months, was slightly better than the ESA region average of 6 months. Table 5 below shows the respective time-lags for each project. The trend over time has been of shorter approvals of the loan agreements, considering that the delay in the FINCLUDE approval process was due to national elections. This was compensated by a very rapid first disbursement, although this parameter showed a variable behaviour for the other projects.

Table 5
**Timeframes incurred by IFAD projects**

| *Project* | *Timeframe (approval/entry into force)* | *Timeframe (entry into force/first disbursement)* | *Planned and actual project duration, months* |
|---|---|---|---|
| LUSIP I | 25 months | 6 months | 96 - 116 |
| RFEDP | 15 months | 4 months | 72 - 72 |
| SMLP | 10 months | 12 months | 72 - estimate at CSPE, 72 |
| FINCLUDE | 14 months | 1 month | 72 - estimate at CSPE, 72 |
| Eswatini average | 16 months | 5.7 months | 78 - 83 |
| East and Southern Africa Division average | 8.8 months | 6 months | |

Source: elaboration by the CSPE team.

155. **Variable disbursement rates.** Disbursement rates of IFAD loans were analysed for the four projects under evaluation (see Figure 2 below). LUSIP I rate of disbursement was quite even and unsurprising, with a steeper rate until the 4$^{th}$ year of implementation, followed by a uniform performance once the main investments had been made. At completion, the project had disbursed 91 per cent of the IFAD loan. The delivery capacity of RFEDP was somewhat more uneven; it improved in the last two years of implementation, with 87.2 per cent of IFAD funds disbursed at completion; this was a remarkable improvement over the disbursement rate of 39 per cent achieved at its fourth – out of six - year of implementation. Conversely, FINCLUDE had disbursed 31 per cent of the IFAD loan as of 18 October 2021, after two years of implementation. Despite the restrictions

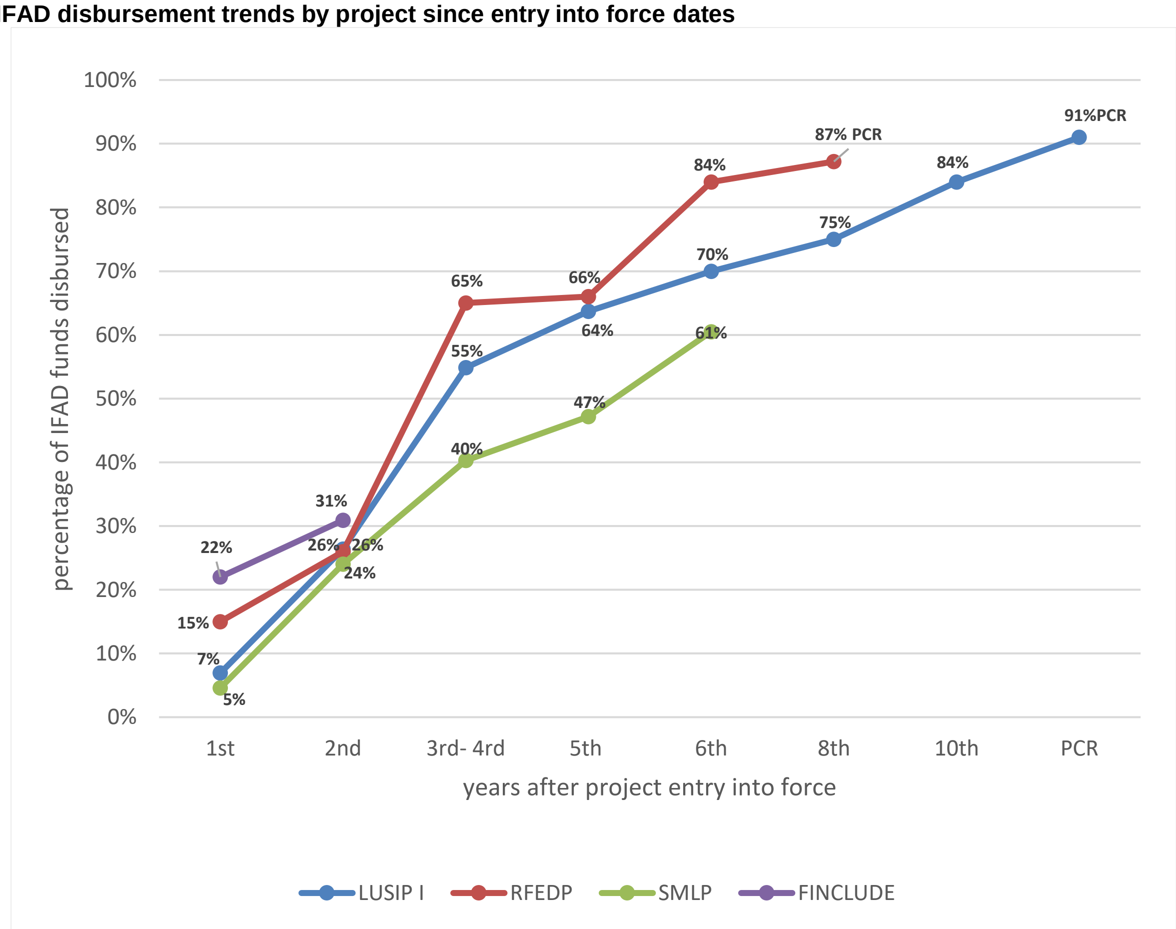
[116] The 'entry-into-force' date is the date of the signature of the loan agreement.

to movement caused by both the COVID-19 pandemic since March 2020, and the civil unrest in the country in the second half of 2021, the high rate of FINCLUDE disbursement was reportedly due to the intensive preparatory work by the PMU to launch fully-fledged activities at community-level as soon as emergencies will be overcome.

156. **The internal rate of return was positive for LUSIP I, but it was not calculated for RFEDP after mid-term.** LUSIP I PCR calculated the project internal rate of return (IRR) both with and without up-stream costs and at 20 and 25 years. Over 20 years, the IRR was 3 per cent with up-stream costs and 13 per cent without up-stream costs. Over 25 years, the IRR were 6 per cent and 15 percent respectively. In the case of the RFEDP, no project internal rate of return was calculated at the Phase II Review when programme output targets were adjusted. Also, although the IRR calculation at Appraisal was appropriately conservative, it was neither accurate nor precise.

157. **Delays due to procurement in SMLP**. Despite a behaviour similar to LUSIP I's in the first two years, SMLP slowed down afterward and throughout implementation, with only 61 per cent disbursed five months before expected completion date, as of 18 October 2021 of the IFAD financing. Delays were recorded across all expenditure categories, according to the August 2021 Supervision report. Procurement was reportedly the main reason for this; throughout, the procurement officer position was frequently vacant as was the accountant position, though to a lesser extent. IFAD provided specific procurement expertise to SMLP from inception, but this was not sufficient to address the poor performance of the project in this regard.

Figure 2
**IFAD disbursement trends by project since entry into force dates**




Source: elaboration by the CSPE team.

158. **Project management costs above IFAD's standard for one project.** IFAD Financial Management and Administration Manual states that recurrent costs (salaries and operating costs) should not exceed 15 per cent of total project costs. The CSPE could assess the final project management costs only for RFEDP, in which the share of this budget item out of the total cost was 44.1 per cent, against 27.9 per cent at design. The PCR data on LUSIP I did not allow calculating the share of this category of costs; and for SMLP, data from the latest Supervision report indicate that project management costs represented 11.6 per cent out of the total project costs.

159. **Project management and staffing challenging in one project**. Overall evidence about management and staffing issues indicate that only in the case of one project, SMLP, both project management and staffing represented a persistent challenge over time.[117] Supervision reports repeatedly noted the need for improvement on project management and pro-active decision making and on enhancing coherence and coordination across the technical, financial and procurement project components.[118] Staff recruitment absorbed significant time at the beginning of the project. Over time, nevertheless, improvements were noted, and the May 2021 Supervision mission found greater maturity and "increased technical management capacity and also strategic and visionary leadership" by technical specialists.

160. Regarding LUSIP I, before the MTR all staff was recruited through international contractors, which "enabled high quality performance but inexistent national ownership". After the MTR, the contracting responsibility was assigned to SWADE, which significantly improved the national engagement and the capacity development of national staff, but also led to an initial loss of momentum and a slow replacement of ADEMU manager. Additional management challenges comprised the establishment of a consolidated management information system and financial management, assessed as poor over the last 30 months of project's life.

161. The RFEDP PCR assessed project management as overall sound, with committed and competent staff, although with a high staff turnover rate which caused some delays and a systemic overestimation of staff capacity.

162. **Audit reports all 'unqualified'**. All audit reports for LUSIP I and RFEDP; and for SMLP as of October 2021; were issued in a timely manner and assessed as 'unqualified', hence presented no issues requiring remedial actions.

**Implementation arrangements**

163. **Long-lasting implementation arrangements with the Ministry of Agriculture and Ministry of Finance**. During the period under evaluation, the implementing agencies for the IFAD-supported lending operations were the Ministry of Agriculture and the parastatal ESWADE for LUSIP I and SMLP, and the associated GEF-funded grants, LUSLM and CSARL;[119] and the Ministry of Finance through the purposedly-established Micro Finance Unit (MFU) that evolved into the Centre for Financial Inclusion (CFI) for RFEDP and FINCLUDE. From the mid-term review of LUSIP I in 2007 onward,[120] the project implementation units have all been staffed with national experts, thus facilitating the empowerment and capacity development of staff in each organization. Despite what appeared to be a normal level of turn-over also at the senior level, there has been a satisfactory degree of continuity of

[117] Information was canvassed through the PCRs for LUSIP I and RFEDP, supervision mission reports and interviews for SMLP.
[118] Delays in procurement emerged to be mainly caused by slow handling within the PIU. Since the introduction of the new IFAD electronic Notus system in 2019, IFAD's actions on approval of procurement documents have become considerably faster, thanks to automatic reminders if a reply is not provided within 5 days.
[119] At LUSIP I inception, the parastatal, called Swaziland Komati Project Enterprise, was linked to the Ministry of Natural Resources and Energy.
[120] Before MTR, LUSIP management unit was characterised by a strong presence of international expertise.

managers from one project to the next, which has allowed a smooth process of internal lesson learning. Overall, concerned parties stated their satisfaction with the current arrangements.

164. **Complexity and lack of clarity in the execution arrangements with Service Providers and other executing partners**. A common feature of RFEDP and SMLP at design, which might have reflected a common corporate approach within IFAD at the time of the formulation of these two projects, was the strong reliance on several executing partners or Service Providers (SPs), with whom, respectively, Memorandum of Understanding or contracts would be signed. Contracts typically also require the presentation of plans of work and budget for approval. The two projects differed in their reliance on these arrangements, with RFEDP engaging mainly but not exclusively through MoUs and SMLP operating mainly through SPs, as discussed in Box 7 below.

Box 7
**SMLP and Service providers**

The project design foresaw collaboration among five different organizations – including two ministries, one parastatal, one SP and one NGO - to provide business development services (BDS) for value chain development. The design had also identified a Service Provider to execute all project components but by the time implementation started, the company, based in South Africa, was no longer working in Eswatini. IFAD's intention to 'gain time' before implementation started by pre-identifying the SP was praiseworthy and there is no doubt that the company's decision was completely outside IFAD and the Government's control. Nevertheless, the design might have identified alternative options, with a view to reduce related risks. This also because a similar issue had emerged in an IFAD-supported loan in Mozambique a few years before, leading to a huge waste of implementation time, hence lessons in this respect were already well known.

165. **In general, both contracts and MoUs signed with executing partners did not enable smooth collaboration and progress in activities**. The main reasons mentioned in the case of contracts were the very lengthy approval procedures of the work-plans; fuzzy and overlapping roles and responsibilities; and little or no initial discussions about the project's thrust and approaches. The MoUs entered by RFEDP for work at the micro-level were not supported by clear frameworks with established targets and indicators; whereas reportedly, the MoUs entered by SMLP with departments of the Ministry of Agriculture were underfunded and did not enable carrying out activities as planned. These combined factors led to partners operating with somewhat different priorities, thus undermining the potential effect of synergic actions. Furthermore, the M&E systems of both projects did not allow adequate monitoring of the activities carried out by the partners, hence lack of feedback to project managers about emerging issues and the possibility to intervene with remedial actions.

166. Overall, these factors seem to have led to dispersion of momentum and resources and affected implementation at various levels. The CSPE considers that clarity of roles and responsibilities of all stakeholders is a necessary ingredient of any project. IFAD, based on its long experience in Eswatini and elsewhere about implementation arrangements, could have provided a better-informed advice in this respect. A step in this direction appears to have been the FINCLUDE start-up workshop that enabled discussions with stakeholders on the project objectives and approach, so as to minimize the risk of misinterpretation of the project thrust and scope as had happened with RFEDP.[121]

167. **No evidence was found of a careful assessment of the strengths and weaknesses of the different modalities of execution of IFAD-supported projects.** The evidence available pointed to various challenges in the relationship between the Implementing Agencies and executing partners, but this did not seem to have been object of a joint IFAD-Government analysis of the best way forward.

[121] Reportedly, beneficiaries initially believed that RFEDP would directly provide financial resources to participants.

The CFI set-up a PMU for the direct execution of FINCLUDE, supported by a number of partners engaging at various levels. At the time of the CSPE, it was not clear whether the risk of duplication of roles across stakeholders, and of 'things falling out' across mandates, had been taken into account. The project, highly complex and informed by the experiences of both RFEDP and SMLP, could be a good testing ground of the trade-offs between direct execution by the Government and the delegation of execution responsibility to partners and/or SP, if due monitoring of these aspects will be carried out.

168. **The current fruitful collaboration between project executing agencies could be a crucial testing ground also for future interventions**. The CSPE observed that IFAD-supported projects increasingly rely on the close collaboration between the executing agencies of the two implementing ministries. This is logically necessary considering the needs of poor smallholder producers, which range from capacity development needs on a diversified range of issues, from agricultural production techniques to business management to marketing, as well as access to financial resources, among others. In turn, the agencies may need to rely on other entities, e.g., technical departments of the Ministry of Agriculture to provide knowledge and technical assistance. Effective coordination between the agencies thus becomes absolutely crucial, as well as clarity in the roles and responsibilities of each and the availability of resources in due time to carry out the expected actions. In this regard, FINCLUDE appears to be in the privileged position of spearheading a model of collaboration across the various entities of the Government of Eswatini, that can effectively and efficiently contribute to lifting rural smallholders out of poverty and provides opportunities for sustainable livelihoods to all those in need. The current fruitful collaboration between the two on-going initiatives, FINCLUDE and SMLP, as long as the duration of the latter will allow, may also enable the definition of a model of collaboration between CFI and ESWADE, both major players in the Eswatini institutional set-up.

169. **Summary. The efficiency of IFAD's country strategy and programme is assessed as moderately satisfactory (4).** Taking into account the evidence above, only one out of three projects assessed for this criterion presented difficulties across the various indicators. In SMLP, procurement delays due to project staffing challenges, and complexity of coordination across components, affected project implementation..

170. Implementation arrangements have been solid and robust at the level of Implementing and Executing Agencies, but less efficient and effective at the level of collaboration with other executing partners and Service Providers. More efforts should have been made to enhance the level of clarity about objectives, targets and approaches, for the sake of more efficient implementation processes.

## E. Impact

171. Impact is defined as the extent to which an intervention/country strategy has generated or is expected to generate significant positive or negative, intended or unintended, higher-level effects. It encompasses four domains that are analysed in this section. The CSPE could assess impacts only for LUSIP I and RFEDP, considering the on-going status of SMLP and FINCLUDE. Moreover, all statements about positive and negative impacts must be considered as '**contribution to impacts'**, taking into account that no data was available that would allow direct attribution of reported changes to the IFAD interventions.

### Impact on incomes and assets

172. **Overall, impacts on incomes and assets have been positive so far but there are risks of increasingly diminishing returns for smallholder farmers engaged in the sugar cane value chain.** The various impacts on incomes and

assets generated by the support to the FCs in the LUSIP I PDA are unpacked here below.

173. **Secured control over land and water**. The main and indisputable long-term impact of LUSIP I has been granting secure access to land and irrigation to the large majority, 84 per cent according to the PCR, of the 3300 households living in the scheme PDA. Control on both resources was secured through the Enhanced Chief's Letters of Agreement that enabled the establishment of the legally registered FCs.

174. **Reported impacts on livelihoods**. Positive changes resulting from the secured control over land and water were several, according to the LUSIP I Impact Survey carried out in 2013 at project completion. The most widespread positive impacts originated from the sugar cane cultivation; dividends started accruing to members in due time and represented a significant change in the households economic conditions. Other positive impacts included improved quality of housing and increased employment opportunities offered by the FCs, which could also include menial jobs on the farms. Employees of FCs earning monthly wages rose from 130 people in 2011/12 to 427 in 2013/14, all of whom earning monthly wages.[122] Some CSPE interviewees stated that the latter group was the only one that had really benefitted from the project.

175. **Diminishing returns for sugar cane growers**. In the longer term, however, the net benefits accruing to sugar cane growers have started to erode with direct consequences on the FC dividends. As discussed earlier in the report, increasing O&M costs and slowly diminishing yields of sugar cane have been squeezing the margins for producers. Interviewed FCs members mentioned annual dividends ranging from a low of E2,000 (USD 132) to a high of E15,000 (USD 990) per shareholder or household. According to ESWADE Annual report 2019/20, the average dividend per household for the year 2019/20 was E10,471 (USD 691); and the ESWADE Annual Report 2018/19 stated that the "LUSIP pay out shows a 44% decrease compared to last year's shareholders' allowances and shows a sharp drop year on year."[123] Thus, although over time 43 out of 56 FCs have managed to fully repay their initial loans,[124] evidence so far supports farmers' concerns. Many of the interviewed farmers felt they had been let down from ESWADE, considering the high expectations raised at the beginning; and felt trapped in a vicious cycle of diminishing returns from sugar cane without alternatives due to lack of sufficient returns for investment.

176. **Lack of data about impacts of other crops in LUSIP I**. The CSPE was unable to find meaningful information about the economic impacts in LUSIP I PDA from other crops than sugar cane. ESWADE 2019/20 Annual report refers of three banana FCs, with a total membership of 71 farmers. As stated elsewhere in the report, interviewed banana grower acknowledged an improvement in their housing conditions, but a worsening on all other aspects.

177. **Indirect impacts on financial inclusion but lack of impacts through business development**. At the national level, data indicate that financial exclusion in Eswatini reduced from 27 per cent in 2014 to 13 per cent in 2018,[125] mostly due to actions by non-banks that grew from 10 per cent in 2014 to 33 per cent in 2018, with mobile money being the leading growth driver (76 per cent). IFAD supported focused on banks, therefore its contribution to financial inclusion was low, but its support to MTN generated significant impact indirectly through

[122] The number of households in the sample, randomly selected, represented 10 per cent of the total number of households resident in the Project Development Area.
[123] The report attributed the decrease to a low sucrose price on top of high inputs and operational costs, noteworthy being electricity.
[124] ESWADE Annual Report 2019/20; the report does not specify whether these FCs engaged in sugar cane or other productions.
[125] Finscope Consumer Survey Eswatini (2018)

mobile money. Conversely, the data available about direct impacts generated by business development efforts appeared debatable. Although the RFEDP Impact Evaluation Survey in 2017 concluded that there was a general positive trend in some socio-economic indicators for households, changes in incomes or assets as a result of RFEDP training interventions were not mentioned by CSPE interviewees and some reported that their livelihoods had not changed through that experience.

**Impact on social/ human capital**

178. **Some level of empowerment through capacity development**. Both LUSIP I and RFEDP dedicated significant resources to capacity development of project participants. The CSPE interviews indicated that in many cases, these efforts generated empowerment, with interviewees stating that the capacity development events had been relevant and had built their confidence and belief to be able to run their enterprise and generate income from it. The simple fact of going back to 'learning' had an empowering effect per se, on women in particular.

179. **Social and human capital strengthened through the FCs and CDPs**. LUSIP I; through the model of FCs and the introduction of the CDPs, enabled a significant strengthening of the social and human capital of participants. Through FCs, smallholders have become members of agricultural enterprises that require the commitment of all their members to achieve their goals. CDPs, in turn, enable the participation of all households in the communities into the local development process. The principles on which CDPs are run, that include mutual respect, trust, transparency, understanding and empowerment, all contribute to strengthen the social and human capital of community members. The CSPE found indirect evidence of the role played by the CDP in strengthening a sense of belonging to a community in the strong respect paid by several interviewees to the CDCs in their localities.

180. **Trainings on business development not always used**. Evidence indicates that the knowledge gained through training on business development was infrequently used by participants. According to the RFEDP Impact survey, 89 per cent of those trained reported that the training was useful, but only 35 per cent of these went on to apply the knowledge. Although reasons were not explored in detail, possible causes could include the challenging business environment in which participants operated and the low relevance of the technical contents of the trainings to the capacity development needs of participants. However, RFEDP beneficiaries interviewed by the CSPE reported that training had impacted community social cohesion and production.

181. **Negative impacts on the sense of identity of the resettled communities**. As stated in the LUSIP PCR, independently from the economic conditions and other benefits offered to the resettled communities and households, fair compensation was difficult to achieve in absolute terms. In this regard, the attachment of the local population to the ancestral land and environments and the emotional upheaval of homesteads affected by resettlement, especially during the relocation of graves, cannot be under played. It was not possible to assess whether these aspects could have been handled in a less traumatic manner, though it is clear that no such relocation will ever be painless.

**Impact on household food security and nutrition**

182. **Mixed evidence available about impacts on food security**. The evidence about impacts on food security was canvassed from the LUSIP I and the RFEDP PCRs, as well as from direct interviews held by the CSPE with some resettled households in the LUSIP I PCR. No overall conclusions could be drawn, due to the differences across sources and projects. For example, in the case of the households that had benefitted of business development training, no evidence was available of

any change in their food security that could even loosely be attributed to the support received.

183. **Interviews suggested that reported positive impacts for LUSIP I PDA-located households occurred but did not apply to some of the banana-growers households**. The PCR reported positive impacts, ranging from more than doubling the average self-sufficiency of households in terms of maize production, to the diversification of diets through both increased incomes and home-based production of fruits and vegetables. The CSPE considered that all these impacts were very likely to have taken place, given the access to land, water for irrigation and technical assistance provided through the project. No data were available regarding the nutritional status of the population or the 'under five' group. However, the interviews with a few members of households that had been resettled from other Chiefdoms highlighted serious concerns over their food security and livelihoods in general. Lack of food was mentioned as happening 'now and then', due to lack of income.

184. **CDPs not conducive to meet the four pillars of food security**. One independent study carried out shortly after LUSIP I completion[126] came to the conclusion that, albeit effective to some degree, the CDPs per se were not a guarantee that the four food security pillars envisaged in the National Food Security Policy would be satisfactorily met.[127] The study found that, although food production did contribute towards availability of and access to certain types of food, undernutrition and risks such as drought continued to pose threats to productivity and stability of local agriculture and food systems.

185. The CSPE would tend to agree with the study at least at the conceptual level. A process like the CDPs, highly valuable on several key aspects fostering the development of a community or chiefdom, will not per se ensure that at household level, access to better food automatically improves for all members, and that their nutritional status also improves. Much more systematic work is required for this to happen, at the household level and through specifically targeted messages and actions.

**Impact on institutions and policies**

186. **Positive impact at the institutional and policy level in the rural finance domain**. As discussed in detail earlier in the report, RFEDP's impact on the national rural finance sector was strong. The project contributed to give visibility to the sector, to develop a solid regulatory framework and to produce policy and strategy documents approved by the Government and referenced by others. In paving the way to the set-up of the CFI, the project developed a stronger voice regarding sector issues that need lobbying and advocacy. In addition, the project has contributed to closure of information asymmetries of demand and supply by supporting the first and subsequent consumer and MSME surveys and helped attract the interest of private sector in matters of rural enterprise development and rural financial access.

187. **ESWADE capacity positively impacted upon through IFAD support**. In the words of senior managers of ESWADE, "what IFAD provide was unique" to develop the capacity of the Agency through its support to ADEMU. Project staff learned from IFAD's experts and from each other and eventually were able to take over the management of the downstream area once the project came to completion.

[126] Chiefdom Development Plan: Implications for food security in Swaziland, Moleka Pange Mosisi, thesis for Doctor of Philosophy degree in Food Security, African Centre for Food Security, School of Agricultural, Earth and Environmental Sciences, College of Agriculture, Engineering and Science, University of KwaZulu-Natal, Pietermaritzburg, December 2015.
[127] The Policy defined the four pillars as follows: Food Availability; Food Access; Food Utilisation and Nutritional Requirements; and Stability In Equitable Food Provision.

Reportedly, procedures and approaches introduced through ADEMU were still the standard reference within ESWADE.

188. **Summary. The impact of IFAD's strategy and programme in Eswatini is rated as moderately satisfactory (4).** As of 2021, the evidence available about the impacts of IFAD programme in Eswatini were definitely mixed. On the one hand, interventions impacted positively on the livelihoods, incomes and food security of a large number of smallholder farmers who have benefitted of the access to water and land to grow sugar cane. These positive changes however did look at risk however at the time of the CSPE, which suggested that they were not so robust as reported. Furthermore, not all households did benefit equally and some, apparently, were worse off than before the scheme was built due to lack of income opportunities.

189. The anecdotal evidence about impacts generated by the local value chains was again mixed, positive for some but not all participants. At the same time, there was reasonable evidence of generalized positive impacts on human and social capitals through capacity development efforts, although totally not quantified and exception made for the resettled households; and on institutions. The CSPE thus concluded that the lack of reliable data from the M&E systems did not enable any better analysis of the real changes triggered by the projects' results and that the evidence available only justified a cautious positive rating.

## F. Gender equality and women's empowerment

190. Gender equality and women's empowerment (GEWE) have been a priority of IFAD's work for many years now and all IFAD's intervention should contribute to the improvement of women's livelihoods, and to a greater equality in access to resources and opportunities. This section discusses the extent to which IFAD interventions in Eswatini have contributed to these goals.

191. **The IFAD country strategy and programme in Eswatini engaged with women in all its interventions, but initially this appeared to be mostly by default than by design**. **Over time, focus has improved.**

192. **Eswatini women participate in agriculture despite being denied access to resources.** The 2006 Eswatini Constitution grants the same legal rights to men and women. However, civil and customary law still considers women as minors, thereby denying women access to resources (land, credit) in their own right, only allowing access through their fathers, husbands or other male relatives.[128] The Land Act of 1999, which would improve gender equity in land allocation and protection of property rights,[129] was still awaiting endorsement and update as of late 2021. At the same time, FAO STAT data indicate that in 2016, Eswatini female labour force participation rate was 41.9 per cent, against 51.0 per cent of male participation rate; and that the share of female employment in agriculture was 42.2 per cent.[130] Thus, women do contribute to the agricultural sector in Eswatini.

193. **A joint Gender Strategy developed within the IFAD country programme led to increased participation of women in community development processes and initiatives**. Following a recommendation in the LUSIP 2007 MTR, the project and RFEDP joined forces, probably supported by the IFAD Country Team, and organized a joint Gender Mainstreaming workshop, developed guidelines and in 2011, finalized a Gender Mainstreaming Policy that provided guidance to mainstream gender across the project sectors in which SWADE and RFEDP operated. A Gender Mainstreaming Manual was also prepared that, reportedly, was utilised by every field officer in their work at community level. The Strategy did not have an action plan, but it was used to dialogue with traditional leaders, train

[128] Country Strategy Note 2020-2021.
[129] IFAD GLTN Report: Land and natural resources in Swaziland.
[130] FAOSTAT, https://www.fao.org/faostat/en/#data/OE, data downloaded on 30 October 2021.

trainers in communities and promote awareness on gender issues in FCs. The 2012 LUSIP-RFEDP-GEF Impact Assessment reported that in Ziyahle Farmer Company, despite initial resistance to allow unmarried women to participate, gender equality discussions that ESWADE held with the community and their traditional leaders led to a resolution of the conflict. Also, as a result of these sessions, the Sesibonile Farmer Company was born and chaired by a woman. By the end of LUSIP I completion, women's membership in the FCs achieved 40 per cent, comprising membership and shareholding positions for widows, unmarried women and women returned from their marital home.

194. **IFAD support led to gender equality training mainstreamed in the CDP process.** LUSIP I staff mentioned that support from IFAD during the project had been very valuable because supervision and monitoring missions would systematically push for greater visibility of gender mainstreaming activities and inclusiveness. The point was also made that the attention given to gender mainstreaming by IFAD eventually led to the integration of community training on gender equality in the Chiefdom Development Planning process. The process uses indigenous cultural norms to build upon the importance of equality and inclusion and to encourage acceptance, adoption and transformation of mindsets and related behaviour. As a result, in communities where IFAD projects have been implemented, there are women and youth in the decision-making organs of traditional institutions like the Bandlancane/inner chief council, and in the CDCs, that spearhead the CDP process.

195. **High presence of women among participants in projects' activities, but more by default than by specific effort, also due to lack of specialized expertise in the project management units**. The little data available and interviewees' feedback about women's participation in projects' activities indicate a range between 43 per cent in the case of LUSIP I; to almost 50 per cent in the case of RFEDP, due to the problems already discussed, data about women's participation were not fully reliable. Women's participation has been – and still is - unquestionably high in the in the Indigenous Chickens value chain, due to the traditional labour division in the household. RFEDP MFU did not have a gender specialist among its staff, and ADEMU recruited one only towards the end of its mandate. IFAD supervision missions included this area of expertise only twice, though based on interviews at country level, for a number of years possibly the Country Programme Manager did take on herself the responsibility to supervise progress on gender issues.

196. **Progress over time and better performance on gender issues**. Progress in results on gender equality became more visible in the context of SMLP, that included a dedicated Gender Officer within the Project Implementation Unit (PIU), in itself a good indicator of resources assigned to this area of work. The SMLP MTR in September 2020 reported that the project had reached 6,279 women and 5,017 men, of whom 969 were generically "youth". Young women's participation was much lower, but adult women constituted 30% of leadership positions local management committees. SMLP also introduced women's time use and availability as a parameter requiring attention in project's activities, and this was even more explicit in FINCLUDE design. Also, although no data were available about the actual savings in time resulting from the SMLP rainwater harvesting tanks, it is likely that this technology contributed to save time in women's daily routine. Overall, the available information indicates a high level of women's participation as beneficiaries of projects' support and as members of community decision-making bodies.

197. **Improvements in women's income and in household conditions**. CSPE interviews with SMLP project participants in the communities confirmed the participation of women in leadership positions, in the role of bucopho, community development leader, CDC chairperson, Farmer Group Board Members and entrepreneurs. Interviewees reported improvements in their livelihoods including

increased production and sales with direct effects on women's income that translated into improved nutrition and dietary diversity in the household, with the addition of proteins from indigenous chickens, eggs and fresh vegetables from home gardens and fruits from honey forests. A commonly reiterated measure of success was that children were able to go to school and to go even as far as tertiary education.

198. **Achievements in women's participation despite poor targeting strategies**. The evidence available suggests that even without a targeting strategy to guide implementers, IFAD-supported projects have benefitted women, at least as projects' participants. This might be a result of the specific nature of the IFAD mandate intersecting with the specific nature of Eswatini rural society, wherein women are the larger social group because men emigrate to urban areas and South Africa in search of work. It remains to be seen whether rural women, by being economically and socially empowered at least to some extent through the projects, will succeed in reverting some long-held traditional beliefs about their capacities and competences. Admittedly, there have been clear improvements in how IFAD-supported projects have progressively included GEWE in their scope and action and this surely has also contributed to better achievements over time.

199. **SwaziBeef an opportunity for innovative gender roles in livestock.** Somewhat unexpectedly, the beef fattening value chain proved to be particularly attractive for women, despite cattle management being a traditionally and culturally male-dominated enterprise. The interesting point was that women participants could intervene in the beef fattening value chain without being cattle owners, as they handled it only for the fattening phase before marketing. To the CSPE knowledge, no analysis was done of the role of women in the production of fodder crops on the farms and arguably, if women have no control on the land to decide cropping patterns, they always depend on male-controlled inputs. Still, women probably could control at least some cropping land; and on other residues, which represent a good part of the feeding formula if adequately balanced. More analysis would be necessary to understand the extent to which gender roles, among other factors, can influence the value chain success, should there be attempts at revamping it.

200. **There seems to be significant room for improvement to make IFAD's interventions 'gender transformative'**. Despite the high numbers of women among the beneficiaries of IFAD-supported interventions, this was not a sufficient indicator per se of progress in terms of gender equality and women' empowerment. Only little and indirect information was available about the quality of their participation and of any change in their role as decision-makers- or at least contributors to decision-making - in their households, in their communities and in the FCs of which they are members. Moreover, there was no evidence that a 'gender transformative approach' was adopted so far, although IFAD seems to be moving in this direction through FINCLUDE, as shown in Box 8 below.

Box 8
**FINCLUDE measures on GEWE**

The PMU includes a gender and social inclusion expert among its staff. A number of documents - FINCLUDE Social Inclusion Manual, FINCLUDE Targeting Protocol, FINCLUDE Youth and Gender Strategy, the Community Sensitisation Guide and the Youth Focus Group Guide – were prepared as part of an articulated framework and represent carefully thought-out instruments that should guide targeting and work at the community level. Furthermore, Terms of Reference for the design and development of the project's social mentoring manual and training have been drafted and the procurement process is underway. The process will aim at "removing the barriers to women's participation by employing evidence-based tools such as the GALS methodology and Stepping Stones as part of a comprehensive social mentoring programme to address any gender inequalities at household and group level".

Source: FINCLUDE supervision report, 2020.

201. **Summary. The CSPE assessed IFAD's country strategy and programme as moderately satisfactory (4) for gender equality and women's empowerment**. The CSPE considered that the positive results achieved by IFAD's programme in terms of participation of women in projects' activities were achieved to a large extent 'by default'. The CSPE however fully acknowledges some important achievements, e.g., the push to women's visibility and roles in community development initiatives through the CDPs, and the engagement with women in local value chains, which were taken into full account in its assessment together with the signs of recent improvements in focus on GEWE in the country programme.

## G. Sustainability and scaling-up

202. This section discusses the performance of IFAD in Eswatini regarding the socio-economic, technical and environmental sustainability of the results of its interventions. The section also analyses the extent of scaling up of the results achieved and innovations introduced.

**Socio-economic and technical sustainability**

203. **Significant sustainability of results in the rural finance sector at the macro, and to a lesser extent at the meso level**. The CSPE assessed the sustainability of RFEDP results at the macro level as high, and good at the meso level. At the macro level, the policies and strategies developed with the project support have significantly contributed to define the national rural finance sector and will inform its evolution. The CFI, the institutional offspring of the project, will enable the implementation of the legislative framework developed so far and will leverage the resources of other donors, e.g., the World Bank, research partners like the Finmark Trust and the leading organization on financial inclusion, Alliance for Financial inclusion. Because CFI and the Financial Services Regulatory Authority are part of government, they are likely to be resilient to risks and have a government lifespan. At the meso level, the most significant contribution of RFEDP was the scaling up of mobile money by MTN and capacity building for Imbita leading to the introduction of group loans to SCGs. Also, Inhlanyelo continued to implement microfinance best practices learnt during the RFEDP partnership.

204. **At the micro level, sustainability was found to be weak**. The CSPE was not able to determine how many beneficiaries were still running rural enterprises as of 2021. In this respect, the COVID-19 pandemic undoubtedly contributed to 'kill off' some - or many - among the less robust enterprises, which might still be operational had circumstances been less challenging. As already stated earlier, the support provided by RFEDP to MSMEs was in general not sufficient for these to evolve into sustainable businesses able to run and possibly thrive on their own.

205. **Sustainability of FCs engaged in sugar cane value chain at risk**. The CSPE found evidence of several long-term threats to the sustainability of cropping patterns in the LUSIP I PDA. Although sugar cane remains a profitable crop, diminishing yields and increasing O&M costs, that risk getting higher because of weak institutional arrangements, already started to erode the dividends FCs can share among their members. Moreover, the huge dependency in the PDA on sugar cane leaves most farmers vulnerable to external shocks of world sugar sales. The project's plan was to eventually reduce the dependency on sugar production was not successful so far. Other cropping patterns, including bananas and others, seemed to be still far from being economically sustainable and some FC members showed a high degree of dissatisfaction. Box 9 below presents a more detailed analysis of the issues regarding the sustainability of the O&M arrangements and costs for the tertiary level of irrigation infrastructures.

Box 9

**Uncertainty over future responsibility for O&M costs**

One major potential threat to the sustainability of the current management model for the LUSIP I PDA is the uncertainty around the expiry date of the subsidy for maintenance of the bulk water infrastructure. It was expected that farmers would eventually take over the responsibility to pay for the operation and maintenance of the entire scheme. The envisaged private water service provider was to charge users for all the water supplied at a rate that covered the full operation and maintenance costs, with an additional charge for overheads.

Currently, FCs are charged E450/ha/year (USD30/ha/year), which represents approximately 10 per cent of the estimated actual costs required for O&M. A study commissioned by the European Investment Bank calculated this cost at E4258/ha/year (USD 281/ha/year). Such an amount appears to be well beyond the economic and financial capacity of FCs. A solution will have to be found on this major issue, either by maintaining the subsidy or by significantly reduce other costs of production so that these FCs can be able to contribute meaningfully to the O&M of the bulk water infrastructure. Renewable sources of energy would be a first, easy step in this direction, as incidentally done by SMLP in the irrigation schemes developed by the project.

Regarding external assistance, the hand-over of extension services to sugar companies is undoubtedly correct from the technical viewpoint, but this will not help FCs to address the many social and economic challenges they face. Furthermore, the CSPE perceived from its interviews, a strong dependency of project participants on ESWADE for training, monitoring, mentorship and business networks. Admittedly, striking the right moment when to definitely 'wean-out' a group or a community is not easy and the risk of creating dependency or leaving too early is always there. Nevertheless, this might be an issue for ESWADE to address before it will jeopardize results attained so far.

206. **Participatory monitoring missing across the country programmes**. The CSPE noted that no efforts have been made by IFAD and the implementing agencies towards the adoption of participatory monitoring as a formal contribution to programme and project monitoring and evaluation and for sustainability purposes. Although the CDP entail an element of self-monitoring, this did not seem to be taken into account in a broader approach that should encompass M&E, Knowledge Management and Lessons Learning as elements of a sustainability-enhancing goal for the entire country programme.

**Environment and natural resources management and adaptation to climate change [131]**

207. **Broad range of objectives and dedicated support at the country programme level.** There have been clear efforts to ensure that environmental sustainability and climate change adaptation would be part and parcel of the IFAD country programme and that it would feature prominently in project design and implementation. Overall, the returns to the investment were found to be positive. Objectives comprised adaptation to climate change threats, efficient use of water resources, addressing land degradation and through it improving carbon sequestration, as well as raising access to improved sanitation and to potable water. Environmental and climate change considerations were addressed in project designs, construction, institutional development, capacity building, and technology transfer. In order to generate more impacts on these themes, IFAD leveraged resources from the GEF to integrate LUSIP I and SMLP and is on the path to additional resource leverage from the Green Climate Fund to complement FINCLUDE. It also funded a regional grant aimed at developing national capacity in the use of remote sensing tools on land degradation. Box 10 below discusses the specific environmental sustainability issues identified in LUSIP I.

Box 10

[131] In consideration of the double purpose of several measures that addressed both environment and natural resources management and adaptation to climate change at the same time, this section analysed both themes together.

**Environmental sustainability in LUSIP I**

**Environmental concerns addressed in LUSIP I design but less so in implementation**. LUSIP I embedded sustainable improvement in environmental health within its objectives. This was to be achieved by avoiding potentially negative impacts and enhancing positive impacts through carefully planned resettlement, ecological and environmental health programmes. The project design included the development of an Environmental Impact Assessment and Comprehensive Mitigation Plan, which however was not sufficient in its actual coverage of environmental and natural resources management. In addition, IFAD supported ESWADE to establish an Environmental Review Panel to review, inspect and evaluate all environmental, social, public health, compensation and resettlement aspects of LUSIP I scheme and to confirm that the project complied with the conditions set by the Environmental Compliance Certificate(s) issued by the Eswatini Environment Authority.

These measures notwithstanding, not sufficient attention was given to the conservation of the natural forest that was included in the irrigation scheme and which harboured rich biodiversity and niche ecosystems. The CSPE considers that a more appropriate approach would have been the harvesting and relocation of the rare and endangered species with the support of the Forestry Department in collaboration with the Eswatini National Trust Commission (ENTC) and the Eswatini Environment Authority (EEA). In this regard, a specific weakness of LUSIP I was the absence of explicit partnerships established for environmental management with key institutions and NGOs, that would have contributed to preserve rare flora and fauna species. Interviews by the CSPE revealed that there were no nurseries established nor species relocated.

In addition, LUSIP I adaptation efforts mainly comprised capacity building activities and support to home gardens. During flooding, infrastructure and some fields were impacted, which may be indicative of an oversight of climate change impact assessment at design stages; the CSPE nevertheless acknowledges that at the time of LUSIP I design, in the late 1990s, climate change was unfortunately not yet on the agenda of most international organizations.

**Longer term environmental impacts appear limited**. ESWADE annually submits Environmental Compliance reports to the EEA. Evidence so far is that that environmental management is overall compliant, with a few exceptions. Results from water quality monitoring downstream from the LUSIP I PDA demonstrate that the return flows from the irrigation activities slightly impacted on the quality of the water, especially at confluence points. Water courses downstream of the Usuthu river and its tributaries remain un-impacted. Variables that have been identified to be of potential concern include turbidity, total dissolved solids, chloride, and conductivity. However, in general the water quality remains within acceptable levels downstream, with an exception to the microbiological parameters and total suspended solids which may have been a consequence of the rains.

208. **The CDPs and CDS were found to be effectively engaging in natural resources management and climate change adaptation.** The innovative introduction of CDPs and the establishment of CDCs across the IFAD-supported programme appears to be a critical contribution to community level natural resources management. Through these institutions, the traditional leaders have become key decision-makers in land management at the chiefdom level, while the Executive Committees working in collaboration with the Farm Supervisors have been playing a vital role in farm-level natural. Success stories include the fencing of Gcekeni wetland rehabilitation, Golome Conservation Area, Ndinda Gulley rehabilitation and others, as well as the Land and Water Inventory for the entire SMLP project. For example, through wetlands restoration, ecosystems goods and services are being realised by the beneficiaries, who sell the products harvested from these restored wetlands and thereby generate income that contribute to poverty reduction. All these measures, moreover, play an important role in climate change adaptation. In this regard, Box 11 focuses on biodiversity award-winning SMLP. Other measures and related positive environmental effects from their implementation are worth noting:

- irrigation systems were installed using sprinklers, but drip irrigation was being considered to raise water use efficiency; the decision to use gravity to feed the

SMLP water schemes, and wherever topography would not permit this approach the project installed a solar powered pump, should have the double positive result of reducing both energy needs and production costs, considering that electricity fees are on the increase, as reported by sugar cane farmers;

- land degradation control has been well emphasised during implementation and the use of gabions complemented by tree planting is commended; structures seemed to be well designed and well thought through with regards to the accompanying vegetative materials.[132] The CSPE nevertheless found that some gabions[133] required revisitation and revitalisation for the intended objectives of land reclamation to be achieved; indeed, a plan for maintenance should be developed for all gabions in the project area and a mechanism developed to leverage resources for the actual maintenance works; also, land degradation monitoring system would be an useful tool to be developed and applied.

Box 11
**Biodiversity award-winning SMLP**

**Award-winning SMLP**. The project received the Biodiversity Award at Eswatini's 2020 Temvelo Climate Awards. Its key biodiversity-focused interventions include forest rehabilitation, wetland restoration, conservation agriculture, beekeeping, agroforestry, and the use of earth observation technologies to monitor soil and ecosystem health. This is commendable and the CSPE appreciates the progress made in this regard, all the more so that at project design and commencement, nothing was foreseen to compensate for the loss of biodiversity, such as species relocation, flora nursery establishment, habitat protection, or other conservation measures.

209. **Rainwater harvesting and water sanitation supported and expanded through IFAD-supported programmes.**[134] Rainwater harvesting from the rooftops into ferro-cement tanks, to be used for potable water and home gardens as a contribution to food and nutrition security and income diversification, was also supported and expanded since 2017. Construction of the tanks was complemented by capacity building at the farm and household level. CSPE interviewees in the locality of Magele considered this initiative as successful and implemented in a satisfactory manner. IFAD did also invest in water resources protection and public health improvement. All communities in the LUSIP I PDA were mobilised and supported to construct proper sanitation structures. At project completion, 97.3 per cent of the households, approximately 20,000 people, had access to either ventilated improved or ordinary latrines.[135] LUSIP I also overcame its initial targets of people having access to potable water supply, with the construction of six Potable Water Supply Schemes (PWSS). The PWSS located at the KaMamba Chiefdom had been technically completed and was under the defects and liability period at the time of the CSPE.[136]

210. **IFAD-supported programmes have carried out extensive capacity development on environmental and natural resources management and had an advocacy and awareness raising role**. In collaboration with various national organizations, training workshops and meetings to capacitate communities on environmental and natural resources management have been carried out in the context of IFAD-supported programmes and have led to the establishment of NRM/Environmental Committees in several locations. However, those established by LUSIP I were no longer operational in 2021 and one of the observed

[132] Gabions in Ndinda and Golome appeared particularly well established as of early October 2021.
[133] These observations were made in Gcekeni and Gucuka in early October 2021. in Gucuka Community, the gabion was built, and trees were planted. Over time however the donga seemed to have increased and the trees died, with no remedial action being implemented.
[134] No impact data related to these activities were available at the time of the CSPE.
[135] The PCR reported 2874 Ventilated, Improve Pit-latrines constructed. The baseline in 2005, not fully reliable, had indicated 43 per cent of households having access to latrines four years after project inception.
[136] Data about access to proper drinking water should be taken with caution, considering that results from the Impact survey showed poorer access to safe drinking water in 2013 than in 2005, with 93.7 per cent of the households obtaining their drinking water from irrigation canals and channels or river/dam.

consequence was that the rehabilitated gully (donga) in the Gcekeni FC was worsening without action. The SMLP Environment Unit conducted environmental awareness and environment management plan development trainings for new FCs as well as refresher trainings for existing ones. SMLP also provided Refresher Environmental Awareness (EAs) Trainings and Review of Environment Management Plans (EMPs) to 12 FCs supported by the EC/EU-funded High Value Crops and Horticulture Project (HVCHP) in the same communities where SMLP operates. This included technical support to facilitate the identification and relocation of threatened and endangered species from proposed irrigation areas as well as other ancillary development areas and relocation of graves from the intended farming areas. Last but not least, LUSIP I and SLMP have played a key role in raising awareness and advocating about sustainable water and environmental resources management through the commemoration of the World Environment Day (05 June) and World Water Day (22 March), activities carried out in collaboration with the Eswatini Environmental Agency (EEA) and the Eswatini National Trust Commission (ENTC).

211. **Positive albeit uneven results overall**. The CSPE found overall results to be positive but uneven. LUSIP 1 did not achieve much regarding sustainable natural resources management, although the role of the Lubovani dam and irrigation scheme in climate change adaptation is important. Conversely, at the time of the CSPE, SMLP was actively pursuing land and water resources conservation practices including eroded land reclamation, wetlands protection, and water resources protection, as well as regarding climate change adaptation. Through the application of the Ecosystem-Based Management system the project has addressed conservation, restoration and sustainable management of biodiversity and ecosystem services which consequently help farmers to adapt to climate change in the long term. Furthermore, project initiatives aimed at value-chain development for livelihoods improvement, e.g., bee keeping, poultry, piggery and goat raising, also include capacity building and training on climate change risks, technical support for access to climate information and finance. All this is highly commendable because they contribute to enhance the resilience of smallholder to climate change impacts.

212. **Some gaps and threats to environmental sustainability were observed.** A number of gaps and threats emerged across the IFAD-supported interventions, which represent a threat to environmental sustainability, as follows:

- Water quality management and monitoring have been lagging behind and remedial actions should be taken as a matter of urgency, to monitor irrigation return flows for the management of pollution which may have negative impacts on downstream users including in Mozambique;
- The proliferation of Alien Invasive Species is posing a challenge to water and land resources, but it is only addressed in the context of wetlands rehabilitation; neither LUSIP I nor SMLP included a control programme, let alone measure their proliferation and impact with the advent of climate change, however, the control of AIS needs to be considered seriously to promote water availability;
- Wetlands were considered only when they occur outside of the fields, while those within fields were not given the desired attention, resulting in erosion and waterlogging;[137]
- Waste management was being carried out at the LUSIP PDA, some waste was collected by some private company while some was stored within farms without a plan on how they will be disposed off; in the absence of a waste management strategy, this can cause serious threats to environmental sustainability.

[137] This was the case at the Phuzumoya Farmer Association.

213. **There is an opportunity and need to address climate change mitigation, even though IFAD's priority lies with adaptation**. In the Eswatini context, mitigation and adaptation could reinforce each other, with measures fostering agroforestry and woodlots supported by nurseries to compensate for land clearings; and through large scale support to the diffusion of renewable sources of energy in agriculture. The latter, already put in practice through SMLP, would also contribute significantly to reducing agricultural production and transformation costs, thus increasing incomes of smallholders; and improving the independence of smallholders – and of the country - from external energy sources.

**Scaling-up**

214. **Evidence available indicates that several of IFAD's results and innovations have been scaled up directly by the Government**. These include:

- the CDPs and CDCs first developed by LUSIP I have been adopted as the main entry point and approach to Chiefdom development by the Ministry of Tinkhundla Administration and Development (MTAD); the process has been simplified and its cost and time requirements have been reduced, nevertheless the core elements of the process have been maintained; although there is still no expenditure line allocated to the CDPs in the national budget, the Ministry of Economic Planning acknowledged that this will merit attention by the Government;
- Even though there is no direct evidence that government and other donors have incorporated IFAD practices on rural finance, the CFI will be the carrier for all those practices that have proved suitable and appropriate to the country context;
- The FC model developed through LUSIP I is expected to be expanded in the new scheme called LUSIP II, together with all the lessons learned by ESWADE in its collaboration with ADEMU.

215. **Summary. The CSPE assessed overall sustainability as moderately satisfactory (4).** The overall sustainability of the country programme was mitigated by the emerging threats to the long-term economic and institutional sustainability around the LUSIP I scheme, despite the positive prospects for long-term sustainability at the macro level in the rural finance sector.

216. **Environment and natural resources management and climate change and scaling-up are assessed as satisfactory (5)**. Despite a few gaps identified by the CSPE, sustainability of the environment and natural resources management and climate change adaptation efforts appeared to be robust. The same applies for scaling up of IFAD promoted innovations, also rated as satisfactory (5).

**Key points**

- IFAD strategies and programmes have addressed the national governmental goals of reducing rural poverty and enabling the access of rural smallholder producers to water and land resources, supporting a wide variety of value chains and developing the national rural finance sector. Project designs were highly complex and initial inaccurate assumptions turned into implementation challenges and affected results in some cases. Adjustments during implementation and leveraging of additional resources have enhanced the relevance of the country programmes to the needs of the rural population. Targeting improved over time in terms of definitions and criteria deployed to reach out to the intended groups of rural poor.
- Both external and internal coherence were satisfactory. IFAD's strategic positioning was assessed as adequate and particularly significant in the policy dialogue on the rural finance sector. Grants were well integrated, albeit in some cases in an ad-hoc manner, with IFAD's programme in the country. Less positive performance was noted regarding the M&E systems at the project level, which were not developed sufficiently to document progress made and contribution to changes in livelihoods; and most partnerships developed pertained more to the realm of contractual relationships than to collaboration among peers.
- Results of IFAD's country programmes varied significantly across the four thematic areas identified by the CSPE and at the different levels of intervention. The support provided contributed to integrate smallholder farmers into the industrial and export-oriented sugar value chain and to develop a key participatory process for community development. It also established the rural finance sector in the country and improved the institutional capacities of some national stakeholders. Results regarding the development of pro-poor value and local value chains were mixed at the time of the CSPE. Overall, the country strategies and programmes have been highly innovative, and the Government has effectively scaled up the most successful innovations proposed. The inclusiveness of the interventions was short of the commitment at the strategy level, although recent improvements in reaching out to youth deserve being duly acknowledged.
- The efficiency of the country programmes was affected by significant delays in achieving both entry-into-force and first disbursement, although there were improvements over time. The efficiency of one lending operation has significantly suffered through slow procurement actions. Implementation arrangements appeared effective with the Ministries concerned and their executing agencies, but difficulties have emerged across interventions regarding contracts and MoUs regulating the collaboration with Service Providers, other governmental entities and Non-Governmental Organizations.
- Evidence about impacts was largely anecdotal due to the late implementation of baseline surveys, weak M&E systems and impact survey methodologies not sufficiently robust. Positive impacts on food security, nutrition, incomes and assets were noted for one sizable group of beneficiaries only. Positive impacts were reported on human and social capital for many participants through capacity development efforts4; and at the institutional level.
- Women represented a large share of participants in the IFAD country programmes, but mostly due to the features of Eswatini rural society. Some anecdotal evidence of women's empowerment was found, triggered through IFAD's systematic attention to the issue and the IFAD-developed process of Chiefdom Development Plans and Chiefdom Development Committees. Gender issues are getting more attention in recent times, with recruitment of gender staff and gender strategies developed by the projects.
- Socio-economic and technical sustainability of the oldest IFAD-supported intervention was found to be threatened by a variety of factors that deserve serious attention to avoid losing the benefits of the important investments so far.
- The country programme was systematic in addressing environment and natural resources management and climate change adaptation, either directly or through additional leveraged resources; results appear positive and sustainable for both domains, though sustained attention will be continuously required.

# IV Performance of partners

217. This section assesses the performance of IFAD and the Government of Eswatini during the period under evaluation. With respect to IFAD, the analysis included the organizational set-up for the management of the Eswatini portfolio, supervision and monitoring of the portfolio. Government performance was assessed in the areas of contributions to IFAD and mobilization of counterpart funds, fiduciary aspects, and commitment to the management and oversight responsibility.

## A. IFAD

218. IFAD's presence in and support to Eswatini over the evaluation period appears to have been in line with the size and complexity of the portfolio and the Fund's policies regarding decentralization and seniority of country programme managers. As mentioned earlier in the report, the turn-over rate of IFAD country programme managers was reasonable; since 2000, five different IFAD staff were appointed to the role of Country Programme Manager since 2000, and only one among them holding the position for just one year. Since August 2018, the Country Director operates from the IFAD regional hub in Johannesburg, Republic of South Africa, which facilitates communication and missions.[138]

219. Evidence found by the CSPE suggests that IFAD's performance in the country is well appreciated. All senior Government stakeholders met by the CSPE expressed high appreciation for IFAD's support to the national development effort and for the long-standing partnership with IFAD. In general, moreover, the CSPE noted a good level of knowledge among stakeholders at all levels about IFAD's programmes. At community level, beneficiaries typically referred to ESWADE or the specific project they participated into, but several were also aware of IFAD's role in the endeavours.

220. **IFAD supervision missions were appreciated but their consistency over time was questioned**. IFAD is responsible for planning, organizing and carrying out supervision missions, implementation support missions and Mid-Term Reviews (hereinafter all called 'missions'). The dates of the mission reports, and the interviews with closed and on-going project staff, indicate that IFAD missions were timely. All interlocutors also appreciated the expertise and the knowledge the specialists brought to project teams. However, one recurrent comment was made about the turn-over in the mission team compositions for RFEDP and SMLP over time, which reportedly led to inconsistencies in the recommendations of the respective missions and made implementation or follow through of some recommendations difficult. The CSPE fully recognizes that mission composition may change over time to address the different emerging challenges, and that continuity of consultants and staff is not always possible for a variety of reasons. Nor necessarily continuity is always desirable to enable new perspectives and ideas to come to bear. At the same time, a high rate of turn-over in mission members does not help the consistency and coherence of support provided and may lead to the loss of useful knowledge about both project and local context. The CSPE thus looked at this aspect in detail for RFEDP and SMLP, which had been the object of the criticisms.

221. **Low continuity in RFEDP supervision missions** The analysis for RFEDP showed that during the project's life, IFAD carried out 13 missions, including three implementation support mission and the mid-term review.[139] In total, 32 experts supported RFEDP on 9 different areas of specialization, with an average

[138] For reasons totally beyond the control of IFAD or the Government of Eswatini, the SARS-COV-II pandemic has prevented in-person visits of IFAD staff to Eswatini between March 2020 and late 2021.
[139] GRIPS indicates an additional Implementation Support and Follow-up mission in June 2011, but no report was available hence the CSPE decided not to consider it.

participation of 4.7 specialists/missions.[140] Full or acceptable level of continuity, i.e. the participation of the same person for the same area of specialization,[141] was ensured only for three areas of specialization, Agriculture Economist and Management, Micro Enterprise Development and ICT, the latter present in one mission only. All other areas of specialization, including rural/micro/inclusive finance, a key pillar of the project thrust, had rates of continuity below acceptable. Mission leadership also showed a low level of continuity; as this function was typically entrusted to the Country Programme Manager, it 'suffered' from the normal rate of turn-over of incumbents for this role. Table 6 below shows the values for each area of specialization and information about how frequently each area was represented in the missions.

Table 6
**Continuity rate and composition of RFEDP supervision missions**

| *Area of specialization* | *Description* | *Continuity rate* |
|---|---|---|
| Communication | Present in two out of 13 missions. Support provided by two different experts. | 50% |
| Financial Management | Present in nine out of 13 missions. Support provided by seven different experts. | 33% |
| Rural/micro/inclusive finance | Present in ten out of 13 missions. Support provided by seven different expert, with two experts carrying out three missions each. | 30% |
| M&E/RIMS/Knowledge Management | Present in seven out of 13 missions. Support provided by five different experts. | 57% |
| Gender and targeting | Present in two out of 13 missions. Support provided by two different experts | 50% |

Source: elaboration by the CSPE team.

222. **Acceptable continuity in SMLP supervision missions**. As of October 2021, IFAD had carried out 11 missions in support of SMLP, including five implementation support mission and the mid-term review. The MTR in September 2020 and the Supervision mission in May 2021 were carried out in remote mode, due to the COVID-19 pandemic. In total, 27 experts took part in the missions, spread over 13 different thematic areas, with an average participation of 6.7 specialists/mission. Full or acceptable rates of continuity were ensured for ten areas of specialization and all key thematic areas.[142] In three other areas of specialization, financial management, procurement and nutrition, the continuity rate was below 70 per cent, as shown in Table 7, which also provides information about how frequently each area of specialization was represented in the missions.

Table 7
**Continuity rate and composition of SMLP supervision missions**

| *Area of specialization* | *Description* | *Continuity rate* |
|---|---|---|
| Nutrition | Present in three out of 11 missions. Support provided by two different experts | 67% |
| Financial Management | Present in eight out of 11 missions. Support provided by four different experts | 56% |
| Procurement | Present in 7 out of 11 missions. Support provided by five different experts during supervision missions, and a sixth consultant providing support through training and desk-based support. | 57% |

[140] A few thematic areas were aggregated because similar in scope and thrust and to facilitate the analysis. Also, IFAD Regional Economist and Regional Portfolio Adviser attended one mission each, but this was not considered as other areas of specialization.
[141] The CSPE assumed that an acceptable rate of continuity was achieved when the same specialist attended at least 70 per cent of the missions wherein the thematic area was represented.
[142] Three experts in three areas of specialization, namely livestock, production/productivity and technical analysis, had taken part in one mission each since project inception.

Source: elaboration by the CSPE team.

223. **Overall, the analysis shows different degrees of continuity in the composition of supervision missions, but this was not the main cause for weaknesses in project performance**. The analysis confirmed that project staff's views were not just a perception and that there were indeed cases of differences in the advice provided.[143] Consistency in regularity and team composition of IFAD missions does indeed play a critical role in ensuring a clear strategic focus and timely action to address obstacles and/or deviations in the implementation. For example, had IFAD missions to RFEDP been more consistent over time, they could have done better by noting and observing the challenges of meso level players, which were generally weak and could not provide basic performance data. At the same time, the CSPE is of the view that the variability of supervision and support teams does not single-handedly determine the success rate of a project and that it was not a major reason for project under-performance in Eswatini.

224. **Support in procurement to SMLP had limited results.** SMLP implementation suffered significantly because of slow procurement procedures, despite the specific training and desk-based support provided by IFAD since project inception. Staffing challenges were reportedly contributing to poor performance in this regard.

225. **IFAD missed the opportunity to insist for better performance of the M&E systems across the country programme**. The data above point to lack of continuity of support in the RFEDP M&E system, while it shows a good level of backstopping in SMLP. Still, both projects have not performed well. RFEDP did not produce reliable data at output and outcome level; and SMLP, as of late 2021, did not have data at the outcome level. The lack of reliable M&E data has affected the depth of the CSPE's analysis about, among others, the contribution of IFAD-supported interventions on livelihoods and impacts at household level. Although causes for this unsatisfactory performance were not easy to pin-point, the CSPE considers it was a mix of limited available expertise in the country in this area of specialization, compounded by insufficient attention and interest by project managers. The CSPE considers that a more pro-active and robust tackling of the issue by IFAD with project managers would have been desirable.

226. **Lack of shared vision and understanding about projects' goals and approaches**. The CSPE noted a few times that misunderstandings existed among IFAD, implementing and executing agencies about project objectives and approaches.[144] This suggests that, albeit surely involuntary, not sufficient attention had been dedicated to achieving a fully shared understanding and vision about the way forward among all stakeholders for any given project. Possibly, in recent times this issue was exacerbated by the remote-working modality forced upon IFAD by the events since early 2020. In this respect, however, there is no doubt that the lack of full understanding, agreement and commitment to a project strategy can seriously affect its implementation and undermine its success.

227. **IFAD's strategies appropriately addressed the national level but missed a broader perspective in addressing challenges to rural poverty reduction.** IFAD strategic documents about Eswatini show a dedicated attention and commitment to the national priorities and requests for support expressed by the Government of Eswatini. This should be fully acknowledged and is undoubtedly one of the factors that contributed to the good rapport between the two partners. IFAD has also been quite innovative with its interventions in Eswatini and has enabled the introduction and diffusion of approaches and methods that were not yet well

[143] The RFEDP PPE had analysed the supervision mission reports in detail. This led to identification of weaknesses in the scope of the advice provided, similar to those identified by the CSPE, although no huge inconsistencies in advice across reports were identified.in

[144] For example, mention was made a number of times of the initial misunderstanding of the role of RFEDP, with some sections of the population believing that this was an IFAD fund for SMEs.

known in the country. Nevertheless, the CSPE noted a certain lack of attention in IFAD's strategic thinking to the broader context – or political economy - in which Eswatini, and its economy, operate. Although the close ties with the South African economy were regularly acknowledged, no related or consequent strategy addressing this key feature appears to have made its way into IFAD's interventions. For example, IFAD projects have not really addressed the fragility of Eswatini smallholder farmers vis-à-vis imports of agricultural inputs. Also, the shift of attention back to rain-fed agriculture where more marginalized people lived after the participation in the LUSIP I initiative was highly pertinent to the real needs of the majority of the rural population. Still, the focus was more on access to markets and often export-oriented value chains rather than on strengthening self-reliance of producers, the production and access pillars of national food security, and the dependency on imported inputs. Although both these issues have unfortunately become very prominent since 2020 with the border closures and restrictions to movements related to the COVID-19 pandemic, they had strong relevance for smallholder farmers and the poorer sections of the population also before. These represent important challenges that limit the scope of other poverty-alleviation and food security interventions, and that if unheeded, are likely to systematically undermine most developmental efforts.

228. **On the basis of the evidence available, the CSPE assessed the performance of IFAD in Eswatini as moderately satisfactory (4).**

## B. Government

229. Overall, the Government of Eswatini has been an adequate partner in all IFAD-supported projects. Over the years, the project approval process within the governmental machinery has improved, as shown in Table 5 earlier in the report. The delegation of execution responsibility to ESWADE for LUSIP I and SMLP and to dedicated units within the Ministry of Finance for RFEDP and FINCLUDE, the MFU and CFI respectively, has facilitated launching and implementing the projects. In this respect, the CSPE heard several voices asking for opening-up this pattern to other national actors. This is a decision fully pertaining to the Government, though IFAD's experience in this regard might be useful to enhance future project performance.

230. **Good level of national participation in project design, but less so of officers closer to the ground.** As reported by several stakeholders, national institutions have contributed to a reasonable degree in the formulation of new project designs. This was particularly true in the case of SMLP and FINCLUDE, thanks to the contributions of staff and other stakeholders who had previously engaged with LUSIP I and RFEDP, respectively. Consultation however did not go much beyond the central level and some stakeholders observed that project design and relevance would improve if regional and district level staff were included in the formulation discussions. This because these levels are more in touch with rural households on a more regular basis and are better placed to understand potential and risks of proposed designs.

231. **Government ownership high, project steering committees effective but would require more continuity of participants**. In general, the CSPE perceived a strong Government's sense of ownership for virtually all IFAD-supported projects, loans and grants included. This was also manifest through the generally reported good functioning of the steering committees (SCs) of all projects. In the case of RFEDP, however, the PCR had noted that the SC needed "stronger capacity" to be more effective. This was also confirmed by some key stakeholders interviewed by the CSPE, who considered that the SC was weakened by the inconsistent institutional representation at meetings, which kept differing from one meeting to another. Consistency of institutional and individual membership would be important to ensure institutional memory and efficiency of functioning. Adjustments in this

regard could be envisaged, by asking the institutions members of the steering committees to select an officer who would guarantee systematic attendance and participation, with the possibility of one alternate officer in case of impossibility to attend. SMLP is also guided by two other technical committees, which reportedly have been effective in their role.

232. **The Government was compliant with loan covenants**. In all projects, the Government of Eswatini met its financial commitment in a timely manner; in the case of LUSIP I, its overall contribution increased threefold during the course of the project.

233. **Successful policy uptake and implementation in the rural finance sector, though not in others**. Performance on this aspect varied significantly across thematic areas, as discussed earlier in the report. While the Government has taken advantage of RFEDP support to make great strides in developing an enabling environment for inclusive finance, the same did not happen regarding policies on water and land management. The absence of a national Land Policy undermines security of tenure and long-term investment of smallholder farmers – and women and youth in particular - in sustainable land and water management, and this represents a threat to the sustainability of IFAD's interventions in these domains.

234. **Late and methodologically weak project baselines.** Performance on this front has been weak until recently. Baselines were developed late in project lives and with questionable methodology in the case of RFEDP.[145] Through its SMME Policy and Finscope surveys, the government ensured availability of baseline data in regard to financial inclusion, but the CSPE found no evidence that the government did the same in regard to RFEDP project beneficiaries. The nascent development of sector at the time, and subsequent inadequate capacity at the project level is probably one major reason for this omission. This conclusion is supported by the fact that FINCLUDE has started on a right note, by collecting baseline data from all potential beneficiaries as a precursor to their selection into the program.

235. **Weak monitoring and evaluation systems at project level did not allow measurement of progress for the country programme.** Similar to baselines, the M&E systems of LUSIP I and RFEDP showed several weaknesses and did not produce the required information in a timely manner. The Government should have performed better in this respect, by appointing staff based on their knowledge and skills rather than on political leverage. Further, low staff remuneration contributed to high staff turn-over. To some extent, IFAD was also partly responsible for this weakness by missing the opportunity to provide consistent support over time until late in RFEDP implementation. Improvements were nevertheless visible: the 2021 SMLP supervision report assessed M&E as moderately satisfactory and FINCLUDE started on a stronger note with adequate staffing and a system in place. At the same time, it was noted that the project M&E systems were not structured to contribute to the Government's own databases, for example by identifying a few common indicators to the two levels.

236. **On the basis of the evidence available, the CSPE assessed the performance of the Government of Eswatini as moderately satisfactory (4).**

[145] See footnote 15 about using LUSIP I data at completion as control group for RFEDP baseline.

**Key points**

- IFAD is well appreciated in the country and has dedicated energy and efforts to provide adequate support and assistance to Eswatini; its performance was reasonable on several aspects, including attention to the needs for support expressed by the Government.
- The Government of Eswatini shows a strong level of ownership for the support provided by IFAD and has met the commitments entered through the partnership.
- Both parties have not taken the opportunity to address together some of the fundamental challenges that smallholder producers face, women and youth in particular, such as access to land and to more self-reliant agricultural production models.
- Also, both parties have been less than pro-active and attentive in setting up effective and efficient M&E systems that could contribute to improve project implementation and new project designs as well as to the Government's own databases.

# V Overall achievement of IFAD’s Country Strategy and Programme

237. **The CSPE assessed IFAD’s country strategies and programmes in Eswatini as moderately satisfactory.** Table 8 below provides the rating for the IFAD’s country strategy and programme in Eswatini.

238. Strengths of IFAD’s support to the country over twenty years included a good level of relevance to the country’s needs and policies and of internal and external coherence of the programmes. Constructive linkages were developed among lending and non-lending operations, and important financial resources were leveraged in support of environmental and natural resources management and climate change adaptation, which have all led to tangible and sustainable results. IFAD was particularly successful in policy engagement and institution building in the rural finance sector; and in proposing useful innovations at various levels of intervention and addressing different challenges, which were upscaled by the Government.

239. Some of the weaknesses identified in IFAD’s strategies and programmes included highly project designs that did not always take into due account the national reality, thus leading to negative consequences on the livelihoods of smallholder producers and that risk jeopardizing benefits achieved in the past; the low levels of partnership development beyond the Government; a few gaps in environmental management and monitoring; and attention to gender equality and inclusiveness that took time to translate into effective actions at grassroots level. Furthermore, some good results achieved through IFAD-supported interventions did not withstand the proof of sustainability over time; nor were the positive measures implemented sufficient to overcome the existing gaps at the strategy and programmatic level.

Table 8
**CSPE ratings**

| Evaluation criteria | Rating |
|---|---|
| Relevance | 5 |
| Coherence | 5 |
| • Knowledge management | 4 |
| • Partnership development | 3 |
| • Policy dialogue | 5 |
| Effectiveness | 4 |
| • Innovation | 5 |
| Efficiency | 4 |
| Rural Poverty Impact | 4 |
| Sustainability | 4 |
| • Scaling-up | 5 |
| • Natural resources management and climate change adaptation | 5 |
| Gender equality and women’s empowerment | 4 |
| **Overall Achievement** | 4 |
| **Partner performance** | |
| **IFAD** | 4 |
| **Government** | 4 |

# VI Conclusions and recommendations

## A. Conclusions

240. **The partnership between IFAD and the Government of Eswatini over twenty years has been constructive and fruitful and has produced tangible positive results and impacts.** IFAD-supported strategies and programmes have contributed to implement the national policies and strategies in support of rural smallholder producers through a variety of interventions and approaches. With the objective of reducing rural poverty and improving food and nutrition security among the rural poor, IFAD-supported programmes addressed very diverse development challenges and engaged with a variety of intervention models. These ranged from providing support to industrial and local value chains; from investing in large- and small-scale irrigation and water management schemes; from setting the building stones for the national rural finance system to enabling smallholders access to financial products suited to their needs. Over time, some tangible positive results were achieved and many participants in these programmes saw an improvement in their livelihoods.

241. **At the same time, results and impacts were not always as expected**. The most common obstacles throughout the evaluation period comprised design oversights that led to unforeseen implementation challenges and to gaps in addressing identified problems; limited national capacities in some key domains that were not properly addressed, for example in Monitoring and Evaluation; supervision support that proved to be too light and inconsistent in some cases; shortcomings in the capacity development efforts that undermined the long-term institutional and technical sustainability of major investments. Some of these weaknesses appeared to be key bottlenecks, as discussed more in detail in the following paragraphs.

242. **IFAD's strategies for Eswatini focused on some of the key challenges that rural poor smallholder producers face, but fundamental constraints that prevent achieving sustainable livelihoods and significantly reducing rural poverty were not explicitly addressed**. The CSPE fully appreciated the good analysis made by IFAD country strategies of the issues contributing to rural poverty in Eswatini. Moreover, the major breakthroughs represented in this regard by the development of an inclusive rural finance sector in the country, the participation of smallholder farmers into a variety of value chains and the promotion of participatory community development, were fully acknowledged. Still, IFAD has made only limited attempts at making smallholder producers more autonomous and self-reliant, including for example through a stronger voice for producers in value chain Innovation Platforms, the strengthening of Water Users Associations, more empowering approaches to capacity development and by reducing their dependence on imported inputs. Also, facilitating access to land for youth and women had only recently been slightly touched upon. These are issues fully within IFAD's mandate and reach for it to have an influence upon, in particular by building on its own comparative advantage and developing alliances with peer partners and national stakeholders.

243. **The sustainability of major investments in irrigation infrastructure and in support of smallholder producers engagement in the industrial, export-oriented sugar value chain is at risk.** Important threats are emerging with regards to the economic, institutional and technical sustainability of the sugar cane smallholders' production scheme in the LUSIP I Project Development Area. Identified issues relate to: the poor organization of the Operations and Maintenance of the tertiary irrigation infrastructure; the lack of respect of the contractual agreements about Farmer Companies' access to water resources; the decreasing returns to sugar cane due to increasing production costs and decreasing yields; the inability of FCs to invest in sugar cane regeneration; the mixed results

of alternative crops to sugar cane. Unless these threats are addressed in a timely manner, the livelihoods of thousands of households risk being seriously affected, with their food security and relative economic wellbeing in jeopardy.

244. **Complex implementation arrangements have affected the efficiency and effectiveness of the country programmes and raise questions about the most effective approach to pursue in future.** The implementation arrangements deployed throughout the country programme were very complex and complicated, and possibly lacked clarity, with regards to the roles and responsibilities of Implementing and Executing agencies, Service Providers and executing partners. Issues of access to resources, as well as of coordination of activities at grassroots level, also emerged that had a bearing on actual results. In addition, no evidence was available of adequate lessons learning or discussions happening around the most effective role for the Government in providing services to rural producers, either directly or through parastatals, the private sector or the non-profit sector.

245. **At the level of project implementation, the CSPE identified M&E and procurement as major weaknesses that affected the performance of the country programme.** Mostly due to low attention paid by project implementation units, the project monitoring systems did not provide timely information to programme managers about who was participating in and who was left out of project activities, and why; and about what worked and what did not work at the household and community level in terms of results achieved. Gaps in information also concerned the work carried out implemented by executing partners, as no relevant and measurable indicators and targets had been agreed, let alone monitored in terms of progress. Furthermore, the late collection – and methodologically questionable – of baseline data about participants, and the weak follow-up during implementation and at completion, did not allow producing reliable information about results and impacts to which the IFAD-supported projects contributed. Regarding procurement, considering IFAD’s timely support through training and expert advice, the main reasons behind delays appeared to be staffing challenges and insufficient action by project management units in addressing them.

## B. Recommendations

246. The evidence gathered, the analysis performed, and the issues highlighted throughout the report, all point to the lessons that IFAD should take into account when designing its next country strategy and programme in Eswatini. These comprise: the need for a transformative approach in Gender Equality and Women’s empowerment; attention required to gaps in environmental and natural resources management while upscaling positive initiatives related to climate change mitigation and adaptation; the scope for improving partnerships among peers for more strategy-level coordination and collaboration.

247. Most issues, including the negative incidence of the COVID-19 pandemic on on-going operations, require continuous attention and efforts. The CSPE makes the following recommendations that build on the good achievements so far and which would enable IFAD to make an even stronger contribution to improving the livelihoods of poor rural smallholder women and men producers in Eswatini.

248. **Recommendation 1. IFAD should address through its strategy and programme in Eswatini the fundamental constraints that prevent rural smallholder producers, women and youth, from achieving more sustainable livelihoods.** Most prominent issues that require attention include access to land, dependency on imported inputs for agriculture and livestock, and strengthening and empowerment of producers organizations in both irrigated and rain-fed agriculture.

249. **Recommendation 2. IFAD should further engage, at a minimum in an advocacy and advisory role, in addressing the emerging threats to the livelihoods of smallholder producers who have their holdings in the LUSIP I PDA.** IFAD and the Government should collaborate to develop a programme aimed at tackling the challenges faced by the producers of irrigated sugar cane and other crops in the LUSIP I PDA, so as to avoid the collapse of the scheme and of the livelihoods of those who depend on it. The programme development should be followed by an effort to leverage resources for its implementation.

250. **Recommendation 3. IFAD and the Government of Eswatini, drawing on the rich lessons learned over time, should define which are the most efficient and effective implementation arrangements for their joint initiatives, that will also allow smallholder producers to benefit the most**. The thrust of this recommendation entails an explicit discussion with the Government about the advantages and disadvantages of the various implementation arrangements deployed so far, to identify what will be the best approach that maximises positive results for the intended target population. The currently on-going projects represent an opportunity for contributing to the development of an efficient and effective model of collaboration across Government-level organizations, parastatals and other stakeholders.

251. **Recommendation 4. Project monitoring and evaluation systems and procurement units should be considered fundamental pillars of project management and be adequately staffed and capacitated to perform in an effective and efficient manner.** IFAD should continue to provide enhanced support on these topics during implementation, while project management units should ensure the necessary follow-up. The project M&E systems should also consider including indicators that contribute to the Government’s own databases.

# Definition of the evaluation criteria used by IOE

| *Criteria* | *Definition* ** | *Mandatory* | *To be rated* |
|---|---|---|---|
| **Rural poverty impact** | Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions. | X | Yes |
| | *Four impact domains* | | |
| | • Household income and net assets: Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value. The analysis must include an assessment of trends in equality over time. | | No |
| | • Human and social capital and empowerment: Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grass-roots organizations and institutions, the poor's individual and collective capacity, and in particular, the extent to which specific groups such as youth are included or excluded from the development process. | | No |
| | • Food security and agricultural productivity: Changes in food security relate to availability, stability, affordability and access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields; nutrition relates to the nutritional value of food and child malnutrition. | | No |
| | • Institutions and policies: The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor. | | No |
| **Project performance** | Project performance is an average of the ratings for relevance, effectiveness, efficiency and sustainability of benefits. | | |
| Relevance | The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design and coherence in achieving its objectives. An assessment should also be made of whether objectives and design address inequality, for example, by assessing the relevance of targeting strategies adopted. | X | Yes |
| Coherence*** | The compatibility of the country strategy and programme with corporate policies as well as interventions by other actors. Internal coherence refers to synergies and interlinkages between key elements of the country strategy and programme. External coherence refers to consistency of the country strategy and programme with other development partners, including complementarity, harmonisation and co-ordination with others. | X | Yes |
| Effectiveness | The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance. | X | Yes |
| Efficiency | A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results. | X | Yes |
| Sustainability of benefits | The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life. | X | Yes |
| **Other performance criteria** | | | |
| Gender equality and women's empowerment | The extent to which IFAD interventions have contributed to better gender equality and women's empowerment, for example, in terms of women's access to and ownership of assets, resources and services; participation in decision making; work load balance and impact on women's incomes, nutrition and livelihoods. | X | Yes |
| Innovation | The extent to which IFAD development interventions have introduced innovative approaches to rural poverty reduction. | X | Yes |
| Scaling up | The extent to which IFAD development interventions have been (or are likely to be) scaled up by government authorities, donor organizations, the private sector and other agencies. | X | Yes |
| Environment and natural resources management | The extent to which IFAD development interventions contribute to resilient livelihoods and ecosystems. The focus is on the use and management of the natural environment, including natural resources defined as raw materials used for socio-economic and cultural purposes, and ecosystems and biodiversity - with the goods and services they provide. | X | Yes |
| Adaptation to climate change | The contribution of the project to reducing the negative impacts of climate change through dedicated adaptation or risk reduction measures. | X | Yes |

| *Criteria* | *Definition* ** | *Mandatory* | *To be rated* |
|---|---|---|---|
| **Overall project achievement** | This provides an overarching assessment of the intervention, drawing upon the analysis and ratings for rural poverty impact, relevance, effectiveness, efficiency, sustainability of benefits, gender equality and women's empowerment, innovation, scaling up, as well as environment and natural resources management, and adaptation to climate change. | | |
| **Performance of partners** | | | |
| • IFAD<br>• Government | This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of each partner will be assessed on an individual basis with a view to the partner's expected role and responsibility in the project life cycle. | X<br>X | Yes<br>Yes |

* As IOE is piloting a new CSPE structure in 2021, this information is subject to change.

** With the exception of "Coherence", these definitions build on the OECD-DAC Glossary of Key Terms in Evaluation and Results-Based Management; the Methodological Framework for Project Evaluation agreed with the Evaluation Committee in September 2003; the first edition of the Evaluation Manual discussed with the Evaluation Committee in December 2008; and further discussions with the Evaluation Committee in November 2010 on IOE's evaluation criteria and key questions.

*** Current working definition of "Coherence" in IOE based on the OECD-DAC Revised Evaluation Criteria, December 2019.

# Kingdom of Eswatini Country Strategy and Programme Evaluation - Approach Paper

# Introduction

252. In line with IFAD's Evaluation Policy[146] and as approved by the 131st session of the IFAD Executive Board in December 2020, the Independent Office of Evaluation (IOE) will undertake the first Country Strategy and Programme Evaluation (CSPE) in the Kingdom of Eswatini. Previous evaluations conducted by IOE in the country include the Project Performance Evaluation (PPE) of the Rural Finance and Enterprise Development Programme (RFEDP) conducted in 2019, the Project Completion Report Validation (PCRV) of the Lower Usuthu Smallholder Irrigation Project (LUSIP) phase I, in 2016.

253. The objectives of the CSPE are (i) to assess the results and performance of the IFAD strategy and programme in the period 2000-2020, and (ii) to generate findings and recommendations for strengthening and enhancing the overall effectiveness of the IFAD programme in Eswatini. The CSPE will inform the formulation of the forthcoming Eswatini results-based country strategic opportunities programme (COSOP), whose preparation started in 2021.

254. This approach paper outlines the evaluation objectives, methodology, process and timeframe. It will be enriched with feedback from the IFAD management team for East and Southern Africa (ESA) and national authorities in order to ensure the relevance and ownership of the evaluation.

# Overview of IFAD programme in the country

255. IFAD began operations in Eswatini in 1983.[147] IFAD and the Government of Eswatini articulated their partnership around two COSOPs (1999-2006 and 2007-2011) and two Country Strategy Notes (2017–2019 and August 2020–December 2021).[148] In addition, IFAD promoted knowledge management, partnership building and contributed to policy dialogue on several important themes for rural and agricultural development in the country. During the evaluated period (2000-2020), IFAD approved and implemented four investment projects[149] and ten grants. The evaluation period starts in 2000 in order to consider the four strategic documents formulated for the country and a key project in IFAD's portfolio (LUSIP).

## A. IFAD portfolio and grants

256. **Portfolio**. IFAD has funded six projects in Eswatini since 1983, with a total funding from IFAD of US$ 53.3.[150] Since 2000, the IFAD portfolio in Eswatini was composed by four loan-financed projects for a total project cost of US$348.8 million, with a share funded by IFAD of US$41.3 million (see table below and annex 4). Currently, IFAD loans to Eswatini are on ordinary terms.[151]

[146] https://www.ifad.org/en/web/ioe/policy
[147] The first project was approved in April 1983 and the entry into force was in 1985.
[148] During 2011 and 2017, it was decided not to develop strategic documents for small countries with small portfolios, according to IFAD staff in charge of the programme during the period.
[149] The CSPE excludes two older projects in IFAD's country portfolio: the Smallholder Agricultural Development Project (1994-2002) and the Smallholders Credit and Marketing Project approved (1985-1988).
[150] The projects not covered by this CSPE are Evaluations of the Smallholder Agricultural Development Project, approved in 1983, and the Smallholders Credit and Marketing Project, approved in 1993. The figure of IFAD funding is mentioned the last IFAD strategic document (CSN 2020-2021).
[151] The lending terms for RFEDP were reduced in July 2008 from ordinary to intermediate on an exceptional basis in consideration of several reasons related to the social and poverty situation in the country.

Table 2
**Portfolio evaluated in this CSPE**

| *Project Name and acronym* | *Implementation period* |
|---|---|
| Lower Usuthu Smallholder Irrigation Project - Phase I (LUSIP-I) | 2004-2013 (completed) |
| Rural Finance and Enterprise Development Programme (RFEDP) | 2010-2016 (completed) |
| Smallholder Market-led Project (SMLP) | 2016-2022 (ongoing) |
| Financial Inclusion and Cluster Development Project (FINCLUDE) | 2019-2025 (ongoing) |

*Elaborated by the CSPE Team.*

257. **IFAD financing**. In terms of the IFAD portfolio size (number of projects and financing), Eswatini can be considered to be in the low range in the ESA region, with a performance-based allocation ranging from USD 2 million to less than USD 8 million per replenishment cycle.

Table 3.
**Performance-based allocation (PBA) to Eswatini by replenishment period**

| *PBA in US dollars* | *2005-2006* | *2007-2009* | *2010-2012* | *2013-2015* | *2016-2018* |
|---|---|---|---|---|---|
| *Eswatini* | 2 000 000 | 3 000 000 | 3 225 531 | 7 852 366 | 7 593 641 |

*Source*: CLE - IFAD's Performance-based Allocation System (2016) and IFAD Progress Report on Implementation of the Performance-Based Allocation System (2017). Note that the PBA system was adopted in 2003.

258. **The main focus and target groups of loan-financed projects** include: community development and participation of poor farmers and entrepreneurs in rural development; irrigation and rural infrastructure; rural finance and enterprise development; and value chain development promoting linkages to markets. Great emphasis is also placed on environment and natural resources management and climate change resilience, especially through GEF-supported grants included in LUSIP and SMLP. In terms of target groups, most projects propose different activities to (i) active poor households and small entrepreneurs who can seize income-generating opportunities and (ii) to the most vulnerable and marginalized rural people: women and youth (all four projects), HIV and AIDS affected households and orphans and child-headed households (RFDEP), and subsistence/food-deficient producers (RFEDP, SMLP).[152]

259. **Portfolio and strategy management**. IFAD has been responsible for the direct supervision of interventions, with the exception of LUSIP I, where UNOPS was in charge during the first implementation period. IFAD does not have a country office in Eswatini, and the Country Director was based in Rome until August 2018 and in IFAD's regional Hub in Johannesburg (South Africa) since then. Since 2000 there have been five Country Programme Managers. Lead/executing agencies of investments projects are ESWADE (LUSIP I), the Ministry of Agriculture with day-to-day implementation delegated to ESWADE (SMLP), the Ministry of Finance through the micro-finance unit (RFEDP) and the Centre for Financial Inclusion (CFI) of the Ministry of Finance (FINCLUDE).

260. **Grants.** Eswatini was a participating country in ten grants implemented over the evaluation period. These focused on meat value chain development, finance, bio-trade and land and natural resource tenure. In addition, two grants supported the main farmers' organization, the Eswatini National Agricultural Union (ESNAU) since 2013. Currently, Eswatini is also benefitting from other multi-country grants focusing on landscape analysis, improving food security and nutrition and addressing the COVID-19 crisis. The details of these grants are in Annex 5.[153]

[152] LUSIP includes targeting criteria related to the farm size, household income and cultivated crop (maize and cotton). It also sets an expected quota of young (below 20 years) beneficiaries and women-headed households.
[153] The grants that are integrated in the project investments, such as the ones from GEF for LUSIP I and SMLP will be analysed with the portfolio.

# Evaluation objectives, scope, methodology and process

## A. Evaluation objectives and scope

261. **The main CSPE objectives**. In accordance with the IOE Evaluation Manual (2015),[154] the CSPE aims at: (i) assessing the results and performance of the IFAD strategy and programme in Eswatini; and (ii) generating findings and recommendations for the future partnership between IFAD and the Government of Eswatini for enhanced development effectiveness and rural poverty alleviation. The findings, lessons and recommendations will inform the new COSOP.

262. **Scope**. IOE has never conducted a country programme evaluation in Eswatini. Hence, this evaluation will cover the period from 2000 to 2020 to capture the four IFAD strategic documents developed for the country and all projects that have been operational over the last decade. The evaluation will cover the explicit and implicit "strategy" pursued (the last COSOP/CSN and any other non-written strategy emerging from interviews with key stakeholders), the interlinkages and synergies among different elements of the country strategy and programme (lending portfolio and non-lending activities) and the role played by the Government and IFAD. The lending portfolio comprises four projects, two closed and two ongoing, which will be evaluated according to their level of disbursement and advancement, as presented in the following table. It is important to note that IFAD's supported LUSIP I project, completed in 2016, is considered in the country a milestone in the development of smallholder irrigation schemes.

Table 5
**Evaluation criteria to be covered for IFAD-supported projects by the CSPE**

| *Project Name and acronym* | *% disbursement* | *Documents available for the analysis* | *Evaluation criteria covered by CSPE in 2021* |
|---|---|---|---|
| Lower Usuthu Smallholder Irrigation Project - Phase I (LUSIP-I) | 91% IFAD<br>100% GEF | PCR (2014), GEF terminal evaluation (2015), PCRV (2016) | All criteria |
| Rural Finance and Enterprise Development Programme (RFEDP) | 87.2% | PCR (2017) and PPE (2019) | All criteria, |
| Smallholder Market-led Project (SMLP) | 57.3%<br>40.1% GEF | MTR (2020) | Relevance, coherence, efficiency, effectiveness |
| Financial Inclusion and Cluster Development Project (FINCLUDE) | 22.3% | Supervision report (2021) | Relevance and coherence |

Source: IOE elaboration on data from ORMS (April 2021), LUSIP and RFEDP PCR.
MTR: mid-term review (self-evaluation); PCR: Project Completion Report (self-evaluation); PCRV: PCR validation (IOE), PPE: Project Performance Evaluation (IOE)

263. **Thematic areas and cross-cutting issues.** With basis on the thrust of the four projects listed above and IFAD strategies in the country, the evaluation will focus on the following key thematic areas: (i) Promotion and development of an inclusive rural finance policy in Eswatini; (ii) Support to smallholder farmers' access to markets through the development of local and export-oriented value chains; (iii) Promotion of sustainable water resources conservation and irrigation management; and (iv) Promotion of a sustainable and innovative approaches for livestock value chains. Across these thematic areas, the evaluation will analyse the following cross-cutting issues: (i) Environmental sustainability of the natural resources and water management and agricultural development practices promoted by IFAD projects; and (ii) Adoption of an inclusive targeting approach that considered the severe challenges faced by a) women and youth in terms of access to resources including land; and b) People living with HIV and AIDS and their households.

264. **The analysis of non-lending activities will include grants, partnership building, knowledge management and country dialogue.** Grants will be assessed in terms of relevance, coherence with the rest of the country programme, implementation effectiveness and, if information is available, impacts and

[154] https://www.ifad.org/en/web/ioe/evaluation/asset/39984268

sustainability. The final list of grants to be analysed will be established in the first phases of data analysis and following exchanges with key national stakeholders. The other cross-cutting non-lending activities will be mostly analysed in terms of relevance and alignment with IFAD's programme strategic objectives, coherence, resources earmarked, quality of outputs and effectiveness. For instance, (i) for Knowledge Management, the CSPE will assess to what extent projects' experiences have been analysed and systematised and related knowledge brought to the attention of local or national policy makers and other international partners, and any South-South and Triangular cooperation funded; (ii) the evaluation will assess the partnerships with Government institutions (particularly Ministry of Agriculture, Ministry of Finances), the private sector, international development organizations active in Eswatini, civil society and non-governmental organizations, and the private sector; and (iii) for policy dialogue, which efforts were made by IFAD and which results were achieved in promoting sustainable and inclusive policies for the rural poor.

265. **Finally, the assessment of the partners' performance relates to the contribution of IFAD and the Government at the levels of project and overall country programme management and related process**. It will include an assessment of the respective responsibilities, in design, implementation support, monitoring and evaluation, assessment and use of experience, as well as partnership and policy engagement. Fiduciary aspects of Government performance will also be reviewed, drawing from findings from supervision reports, supplemented by interviews with IFAD staff, project managers and other stakeholders.

## B. Methodology

266. **Theory of change.** IOE has reconstructed the theory of change (ToC) of the country programme and strategy of IFAD in Eswatini (2000-2020), using the strategic documents (COSOP and CSN), the projects and the design documents of some key grants.[155] The ToC describes the results chain connecting the overall goal and the strategic (specific) objectives with the expected outcomes and outputs of the portfolio and non-lending activities. The ToC also considers the contextual factors and the hypotheses which contribute positively or negatively to achieve the programmatic objectives (see Annex 7). The ToC will be used to verify whether the IFAD country programme missed any important area of intervention to achieve its objective and, if possible, if a plausible causal link can be established between the interventions funded and the changes observed in relation to the objective.

Box 2.
**The theory of change of IFAD country strategy and programme in Eswatini (2000-2020)**

The strategy and programme propose to improve the livelihoods of rural Swazis through the increase of their incomes and assets and the promotion of climate-change resilience (**overall goal**). Two main **specific objectives** contribute to this goal (pathways)l: (1) more climate-resilient smallholder food systems and sustainable management of natural resources, and (2) improvement of income opportunities for young entrepreneurs and market-oriented smallholder farmers.

For the first pathway, the evaluation will look at **outcomes** in relation to (a) sustainable water and land management, (b) food security and nutrition and the nexus gender-climate, and (c) the promotion of intensification and high-value crops produced by smallholders. The second pathway proposes improvements in: (a) rural finance inclusion, and (b) enterprise development, value chain development and market linkages. Various **activities** funded by the portfolio and the grants produce the services and goods (**outputs**) which should lead to the previously mentioned outcomes, which are mapped in the ToC.

The main risks included in the more recent strategic documents were used as the foundation of the **hypothesis of the ToC**. They will be completed and validated with key stakeholders during the first stages of data collection.

Source: elaboration by the CSPE team.

[155] During the period 2011-2017, IFAD did not develop a strategic document, but according to preliminary interviews, the project designs included the thrust and focus of IFAD intervention in the country.

267. **Evaluation criteria**. The evaluation will follow the IFAD's Evaluation Manual, currently under revision,[156] and will use the following evaluation criteria: (i) relevance, (ii) coherence, (iii) effectiveness, including results on environment and natural resources management and climate change resilience and adaptation, (iv) efficiency, (v) impact on rural poverty[157] and on gender equality and women's empowerment, (vi) sustainability, including scaling-up by Government and other development partners, (vii) performance of IFAD and Government as partners. Annex 1 contains the definitions of the evaluation criteria and Annex 6 the associated questions.

268. **Rating system**. Although several evaluation criteria will be analysed together following the new CSPE structure, they will be rated separately. The CSPE will rate the performance on a scale from 1 (lowest) to 6 (highest).[158] The table containing the ratings and relevant justification will be annexed to the CSPE report.

269. **Key evaluation questions and thematic areas of the evaluation**. The CSPE will answer the key evaluation questions outlined below.

(a) Was the country strategy and programme **relevant** in relation to the country's development priorities and IFAD's corporate priorities? To what extent has IFAD contributed to address the key challenges facing rural poverty reduction in its programme and strategies, taking into account its mandate and scope for intervention in Eswatini?

(b) What has been the **coherence** of IFAD interventions and strategy in relation to the country's development needs and challenges?[159] what has been the coherence with the actions of other development partners to contribute to pro-poor rural policies?

(c) To what extent were the **objectives of the country strategy and programme achieved** during the evaluation period (2000-2020) in relation to priority areas: (i) agricultural intensification and diversification for higher smallholder productivity, (ii) production and higher-value products, (iii) sustainable water and land management; (iv) food security and nutrition; (v) financial inclusion and MSME development (with emphasis on youth entrepreneurship); (vi) value chain development and better access to markets; and (vii) climate resilience and improved natural resource management.

(d) How effective was IFAD in reaching the **target population**, especially the most vulnerable ones, including women-headed households, the youth,[160] orphans and vulnerable children / child-headed households, small processors, households affected by HIV and AIDS and people with disabilities?

(e) What are the chances that **benefits** generated by the country strategy and program will **continue beyond the external funding support**? How likely are they to be resilient to risks?

(f) What are the **lessons learned** that emerge from the analysis for an **improved IFAD performance in Eswatini**?

[156] The evaluation criteria have been redistributed to better reflect the focus on the country strategy and programme. The new OECD-DAC criteria are also included, for instance, internal and external coherence of interventions.

[157] As per IOE evaluation manual, impact includes four domains: household incomes and net assets, human and social capital and empowerment, food security and agricultural productivity, and institutions and policies.

[158] The standard rating scale adopted by IOE is 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory.

[159] Landlocked country with a small population size, with close economic interaction with South Africa, etc.

[160] The definition of youth to be used in this CSPE is 15-35 years. This is the definition used in the Swaziland National Youth Policy (2015), which is aligned with the African Charter (2006). As IFAD Youth Mainstreaming Guide for Practitioners details, in many contexts, beyond any official definition, concepts of youth and adulthood are defined more by life stage, for example marriage or entering employment. Moreover, youth is defined more by barriers to access, participation and inclusion in development rather than age alone. The Eswatini portfolio, ex. FINCLUDE, uses a similar age bracket, distinguishing between the younger youth (18-24) and older youth (25-35).

270. **Evaluation approach and methods.** The CSPE will adopt a mixed-methods approach that will triangulate qualitative and quantitative data collected from various sources:

(a) **In-depth desk review of documentation** about: IFAD strategy (COSOP/CSN design documents and any review/completion report available); portfolio of IFAD projects and grants (design documents, mid-term reviews, portfolio reviews, supervision and completion reports, IOE validation of completion reports and project evaluations); studies and other documents from other organizations; Government policies, strategies and other secondary data;

(b) **Remote interviews** with key stakeholders, including Government representatives, IFAD staff and consultants, NGO and private sector actors, project end users and other development partners;

(c) **Self-assessments by the project teams and IFAD management**: project teams and IFAD (ESA Regional Division) will be invited to prepare self-assessments, based on a list of key questions provided by IOE;

(d) **Field visits** to capture the perspectives of end users, local authorities and other key stakeholders on the project intervention sites. Given the uncertainties of the current pandemic crisis, the international members will support the field data collection remotely, while national team members will conduct the visits of selected sites. The sites to be visited will be selected in consultation with IFAD management and project teams, ensuring thematic and geographic representativeness;

(e) **additional analysis:** satellite imagery analysis for a preliminary assessment of the hydraulic and irrigation infrastructure (Google Earth), especially of LUSIP-funded infrastructure.

271. **Evaluation limitations.** The review of the projects M&E studies available and some interviews indicated concerns in relation to the availability of data about key indicators, unreliability and challenges of comparability of the methodologies used at different stages of the projects and low relevance of certain RIMS surveys to assess either contribution or attribution. For instance, (i) for LUSIP and RFEDP: the team identified the challenge to compare some of the baseline data with the impact studies at completion;[161] (ii) for RFEDP: most project M&E data were at the output level, instead of outcome level; (iii) for SMLP: the analysis of the baseline data on households' census has been completed at mid-term and its complement with other information was underway at the end of 2020;[162] and (iv) for FINCLUDE: the baseline has not yet been conducted, after its entry into force in September 2019. The table below summarizes the availability of M&E and impact data. The CSPE evaluation team will make its best efforts to collect anecdotal and more structured evidence through interviews with IFAD stakeholders and project beneficiaries and cross-reference it, in so far as possible, with the impact studies data.

Table 6.
**Analysis of the robustness of the available project M&E data.**

| *Project* | *Baseline survey* | *Mid-term review* | *Impact Study* |
|---|---|---|---|
| LUSIP I | 2005, without control groups | 2007 | 2013, impact on direct and indirect beneficiaries |
| RFEDP | 2012 (RIMS compliant[163]) and 2014 socio-economic survey | 2014 | 2017, without control group |

[161] Mainly because the 2012 RFEDP impact survey covers the targeted areas of the LUSIP, LUSIP-GEF and RFEDP targeted areas and the 2014-baseline analysis have been restricted to two regions.
[162] MPAT (Multi-dimensional Poverty Assessment Tool), LDSF (Land Degradation and Ecosystem Health Surveillance Framework) and FIS (Geographic-Information system).
[163] RIMS: IFAD Results and Impact Management System.

| *Project* | *Baseline survey* | *Mid-term review* | *Impact Study* |
| --- | --- | --- | --- |
| SMLP | 2018 | 2020, virtual mission | - |
| FINCLUDE | - | - | - |

*Source*: Elaboration by the CSPE team.

272. As of mid-July 2021, additional strong limitations to the evaluation are the constraints of international and domestic travel due to the ongoing pandemic crises mitigation measures as well as the civil unrest in Eswatini. None of the three international members of the team will be able to travel to the country for meetings or field visits. As a mitigating measure, they will guide the national consultants during the data collection in the intervention zones, when these visits will be possible. If necessary, remote interviews will be carried out with beneficiaries to enable triangulation.

## C. Evaluation process

273. **The CSPE will include the following five main phases, being the first three focused on data collection:** (1) this **Approach Paper** will be shared with Government and the Regional Division of IFAD for comments. It will be reviewed and finalized after taking into account the comments; (2) as required by the IOE Evaluation Manual, the Government and IFAD will be invited to prepare a **self-assessment note**, highlighting key achievements, shortcomings and issues for the Eswatini country programme (covering lending, non-lending activities and COSOP performance). It may consist of a working note or a PowerPoint presentation; (3) **virtual interviews and field data collection**. The CSPE will interview key stakeholders remotely (via zoom, skype or telephone). The field mission will be conducted by national consultants under the supervision of the IOE lead evaluation officer and the international team leader, as far as the national situation enables this to happen (see limitation presented above).

274. **The last two phases will be focused on reporting and dissemination**: (4) **Draft report and review:** a draft report will be available for an IOE internal peer review (including both a review of the evidence base and robustness of the analysis and an assessment of the conclusions and recommendations). Thereafter, it will be shared with the Government and ESA simultaneously for their comments. The draft report will also be shared with development partners as appropriate. The evaluation team will consider the comments received and prepare audit trails to explain how comments were taken into consideration; (5) **Finalisation, dissemination and follow up**: the report will be finalized by IOE, and a national workshop will be organized in 2022. The National Round Table and Workshop will provide the opportunity to discuss the issues and recommendations raised by the CSPE, to reflect on strategic issues that will inform the forthcoming COSOP for Eswatini and sign the Agreement at Completion Point (ACP). The final CSPE report will be presented by IOE to the Evaluation Committee in 2022.

# Stakeholder participation and communication

275. **The main users of IFAD evaluations will provide inputs, insights and comments at determined stages in the evaluation process.** The main stakeholders will: (i) interact over the scoping of the evaluation and the preparation of the approach paper; (ii) hold discussions throughout the evaluation process as required; (iii) discuss the draft CSPE report; and (iv) cooperate in the organization of the national workshop. Stakeholder participation is important in ensuring accurate interpretation of information and data, as well as ownership of the evaluation results by the main stakeholders and utilization of its recommendations.

The main in-country stakeholders for this evaluation comprise Ministry of Agriculture (MoA), Ministry of Finance (MoF), Ministry of Tinkhundla Administration and Development (MTAD), Ministry of Economic planning and development, the Central Bank of Eswatini, Ministry of Tourism and Environmental Affairs, ESWADE, the private sector, and producers' organizations. At IFAD, it includes the Regional Director, ESA; the Country Director Eswatini; and the Director, Deputy Director and Senior Evaluation Officer, IOE.

276. **Agreement at Completion Point**. According to the IFAD Evaluation Policy, evaluations conclude with an Agreement at Completion Point (ACP), a document presenting the main findings and recommendations contained in the evaluation report that the Government and IFAD's Programme Management Department (PMD) agree to adopt and implement within a specific timeline. IOE does not sign the agreement and is only responsible for facilitating the process leading to preparation of the ACP. After the Government and IFAD-PMD have agreed on the main follow-up actions, the ACP will be shared with IOE for review and comments and thereafter signed by the Ministry of Finance and the IFAD's Associate Vice President for Programmes. The ACP will be included in the final published report and presented as an annex in the COSOP document when the same is discussed with the Executive Board of IFAD.

277. **Communication and dissemination**. The final report, including the ACP, will be drafted in English and posted on IFAD's public website, websites maintained by the UN Evaluation Group, the Evaluation Cooperation Group, the OECD-DAC Evaluation Networks, as well as other relevant websites. IOE will also elaborate shorter (2-page) documents that are more reader- friendly and cater for a broader audience: (i) an evaluation profile (summarising key findings); (ii) an evaluation insight (dedicated to a single theme); (iii) an infographic. In addition, other communication material such as an interview with the lead evaluator or key stakeholders may also be produced.

# Financial resources of IFAD-supported projects (USD millions)

| | *Total cost* | *IFAD's contribution* | *Co-financing* | *Government's contribution* | *Beneficiaries' contribution* |
|---|---|---|---|---|---|
| Loans approved 1983-1999, with associated grants | US$ 16.67 | US$ 13.11 | - | US$ 3.49 | - |
| Percentage within the total | | 79% | - | 21% | - |
| Loans approved 2000-2021, with associated grants | US$ 351.76 | US$ 41.35 | US$ 121.58 | US$ 166.00 | US$ 22.81 |
| Percentage within the total | | 12% | 35% | 47% | 6% |
| Total loans approved 1983-2021, with associated grants | US$ 368.43 | US$ 54.46 | US$ 121.58 | US$ 169.49 | US$ 22.81 |
| Percentage within the grand total | | 15% | 33% | 46% | 6% |
| National self-standing grants | US$ 0.47 | US$ 0.47 | | | |

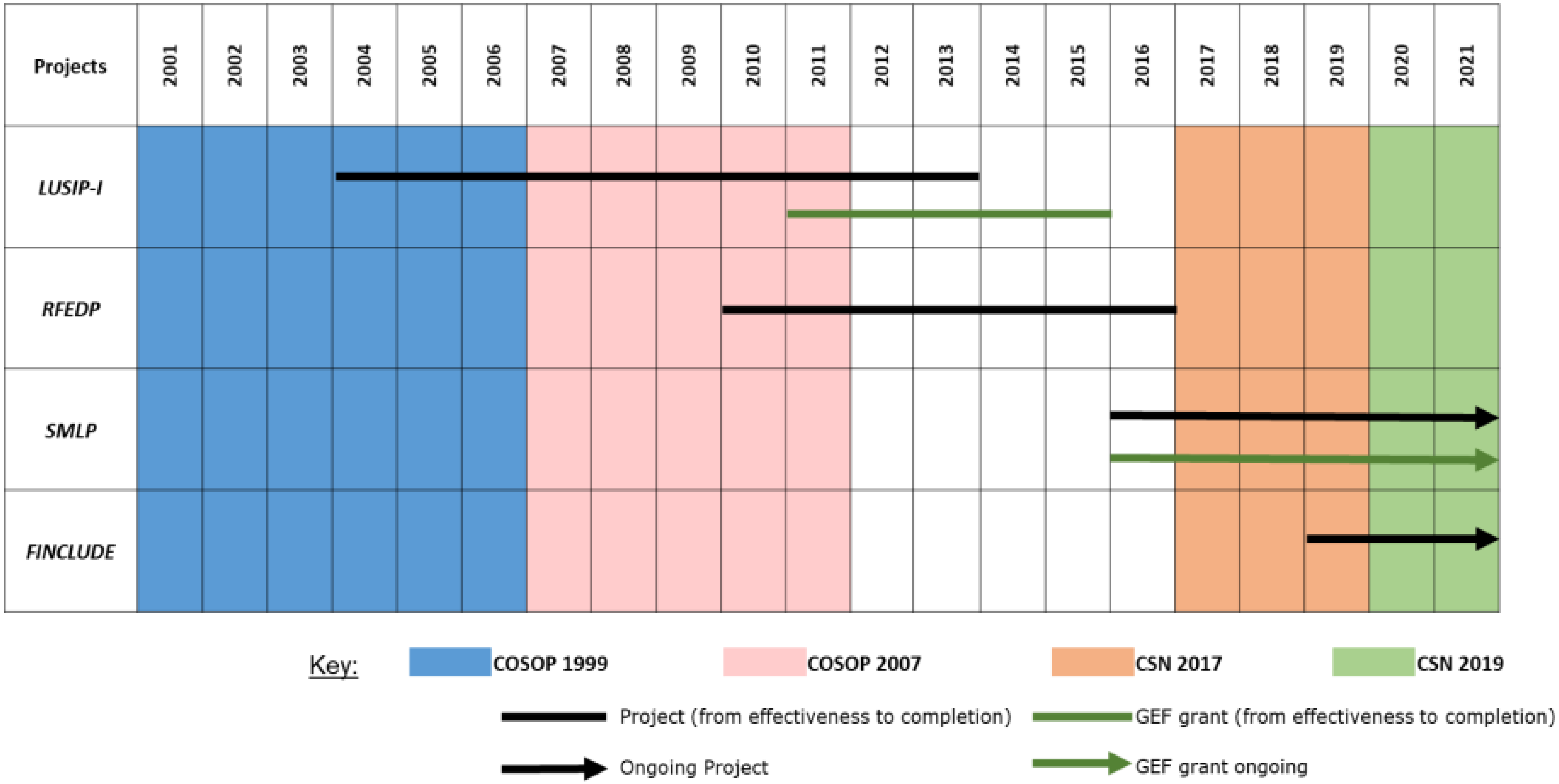
Source: IFAD corporate system. Co-financing in the period 2000-2021 also included national private sector's contributions to RFEDP, SMLP and FINCLUDE.

# Key data about IFAD-supported lending operations in the period 2000-2021

| *Project name* | *Total project cost US$* | *IFAD approved/ disbursed loan financing US$* | *IFAD approved/ disbursed grant financing US$* | *Co-financing US$** | *Government US$* | *Beneficiary contribution US$* | *Approval Date* | *Signing Date* | *Entry into Force* | *Current Completion Date* | *Closing Date* |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Lower Usuthu Smallholder Irrigation Project - Phase I (LUSIP-I) | 278 834 000 | 16 790 000 | 0 | 100 384 000* | 153 500 000 | 8 160 000 | 06/12/01 | 24/02/03 | 27/01/04 | 30/09/2013 | 31/03/2014 |
| Rural Finance and Enterprise Development Programme (RFEDP) | 8 468 000 | 5 032 800 | 181 700 | 868 800 | 2 358 600 | 26 100 | 17/12/08 | 25/03/10 | 15/09/10 | 30/09/16 | 31/03/17 |
| Smallholder Market-led Project (SMLP) | 25 900 000 | 9 600 000 | 500 000 | 7 800 000* | 7 200 000 | 800 000 | 22/04/15 | 16/02/16 | 16/02/16 | 31/03/22 | 30/09/22 |
| Financial Inclusion and Cluster Development Project (FINCLUDE) | 38 559 000 | 8 951 000 | 302 000 | 12 531 000 | 2 944 000 | 13 831 000 | 21/07/18 | 05/09/19 | 05/09/19 | 30/09/25 | 31/03/26 |

Source: IFAD information systems; data for LUSIP I and RFEDP indicate disbursement at completion; for SMLP and FINCLUDE, estimated costs at approval.
*The co-financing amounts include the GEF grants: US$ 1 964 000 for GEF LUSLM; and US$ 7 211 000 for GEF CSARL.

**Timeline**


Projects
2001
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LUSIP-I
RFEDP
SMLP
FINCLUDE
Key:
COSOP 1999
COSOP 2007
CSN 2017
CSN 2019
Project (from effectiveness to completion)
GEF grant (from effectiveness to completion)
Ongoing Project
GEF grant ongoing

# IFAD GRANTS (2000-2020)

| Grant Name | Total Grant Amount $USD | Entry into force and completion date | Beneficiary institution | Objectives of the grant agreement) |
|---|---|---|---|---|
| **Programme for Alleviating Poverty and Protecting Biodiversity through Bio Trade** | 1 500 000 | 21/06/2012-30/06/2015 | Phyto Trade Africa | To develop an enduring and equitable industry in southern Africa based on natural resources accessible to poor rural communities.<br>The programme will be run for three years and will comprise five main components:<br>(i) Supply chain development; (ii) Community biodiversity training; (iii) Development of mafura sector in Mozambique; (iv) Market expansion; and (v) Increased access to financing.<br>Countries: Botswana, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe |
| **Innovative beef value chain development schemes in Southern Africa** | 1 622 035 | 01/02/2013-31/01/2018 | International Livestock Research Institute | The project's goal is to improve and make sustainable smallholder livelihoods from cattle production and marketing.<br>Objectives are to:<br>1. Provide smallholders with a viable cattle value addition mechanism that is coordinated with market requirements;<br>2. Design and demonstrate effective financial instruments and suitable products for enabling smallholder value addition in cattle systems;<br>3. Generate and disseminate knowledge, and encourage its uptake, throughout the Southern African region |
| **Support to Farmers Organisations In Africa Programme** | 8 100 000 | 27/03/2013-21/12/2018 | Southern African Confederation of Agricultural Unions | The programme has two objectives:<br>- to empower FOs by strengthening their capacity in management, accounting, financial control, governance, communication, strategic planning, representation, knowledge management and networking at the national, regional and continental levels;<br>- to strengthen the role played by FOs in the articulation and implementation of policies and programmes related to agriculture development, including agricultural research and technology, infrastructure, marketing, food security, climate change, macro economy, and regional and international trade through a process of institutionalisation of FOs participation in decision making processes. |
| **AFRACA Development Programme 2013 – 2015 ("finance policy and practice")** | 2 498 073 | 24/09/2013-30/09/2016 | African Rural and Agricultural Credit Association (AFRACA) | To improve rural and agricultural finance policy and practice through the promotion of best practice and through support to member institutions to provide appropriate, sustainable, high quality financial products and services which reach and are used by rural and agricultural communities |
| **Land and Natural Resource Tenure Security Learning Initiative for East and Southern Africa – Phase 2 (TSLI-ESA-2)** | 2 375 000 | 30/10/2013-31/12/2017 | United Nations Human Settlements Programme | The objectives are to:<br>1) Improve knowledge and awareness on issues and measures for strengthening land and natural resource tenure security of poor women and men.<br>2) Strengthen the capacity for tool development and implementation including for in-country policy dialogue, country strategy development and project/programme design, implementation and evaluation.<br>3) Strengthen and scale up approaches and tools for securing land and natural resource tenure.<br>Countries: Botswana, Burundi, Comoros, Eritrea, Ethiopia, Kenya, Madagascar, Mauritius, Mozambique, Rwanda, South Sudan, Swaziland, Tanzania, Uganda, Zambia |

| Grant Name | Total Grant Amount $USD | Entry into force and completion date | Beneficiary institution | Objectives of the grant agreement) |
|---|---|---|---|---|
| **Strengthening Landscape Level Baseline Assessment And Impact Monitoring In East And Southern Africa Project** | 2 500 000 | 08/05/2017-30/06/2021 | CGIAR Organisations | To enhance ASAP stakeholder access to high quality data and diagnostic evidence on ecosystem health and household resilience, as well as the capacity to use such data and evidence to strengthen the design, monitoring, and ongoing refinement of programme interventions and investments. Countries: Kenya, Lesotho, Malawi, Swaziland, Uganda |
| **Strengthening Nutrition in Agri-food Systems in East and Southern Africa through Root and Tuber Crops (FoodSTART – Africa)** | 1 626 000 | 17/05/2019-30/06/2022 | CGIAR Organisations | The objective of FoodSTART-Africa is to enable stakeholders to fully utilize the potential of Root and tuber crops (RTCs) for nutrition and income of smallholder farming households in Eswatini, Madagascar, Mozambique, Rwanda, and Tanzania through effective partnerships between national and international research organizations and IFAD country programs and investment projects. |
| **Farmers' Organizations for the African, Caribbean and Pacific Countries (the "Project" or FO4ACP")** | 40 000 000 | 28/10/2019-30/11/2023 | Southern African Confederation of Agricultural Unions | The overall objective of the Project is to increase income and to improve livelihood, food and nutrition security and safety of organized smallholder and family farmers in the target areas of the ACP countries. |
| **IFAD'S contribution to the African Green Revolution Forum (AGRF) 2018-2020 (top up)** | 300 000 | 21/10/2019-27/02/2023 | Alliance for a Green Revolution In Africa | To develop actionable plans, which can contribute to inclusive agricultural transformation in alignment with Malabo/CAADP Results Framework. These plans will be delivered through six thematic clusters: Youth, Women, Inputs, Markets, Mechanization, and Finance. |
| **SAFE 2020 ("COVID-19 Response"), under the Rural Poor Stimulus Facility (RPSF)** | 240 760 | 10/08/2020-07/07/2022 | Southern African Confederation of Agricultural Unions | Provide COVID-19 Response action to address the identified needs of farmers in terms of input supply and basic assets, digitalization and information, e-commerce, adapted finance and advocacy to position NFOs in decisions and measures taken by governments.<br>Strengthen the information and communication mechanisms to improve the flows of information (i) on Covid-19 and prevention measures towards FOs' members and their communities, (ii) on the impact of Covid-19 on family farms' resilience, (iii) and on innovative practices developed by FOs to tackle COVID-19 negative effects. |

* The grant will be co-financed by FAO for an amount of US$172,000. A second RPSF allocation for Eswatini (US$358,658) will be implemented by SLMP.

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# List of persons met and interviewed by the CSPE team

**National Government institutions**
*Ministry of Finance*
Thabsile Mlangeni, acting PS
Susan Nonhalanhla Mordaunt, advisor
Nakekelo Ginindza, senior finance officer

*Ministry of Agriculture*
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Howard V. Mbuyisa, Senior Agriculture Economist
Ncomiwe Maphalala, Root and tuber crops CIP grant Focal Point at Agricultural Research and Special Services
Similo Mavimbelo, Senior Extension Officer
Henry Mndawe, Principal Agricultural Economist
Sipho Shiba, Land Planning Officer Ministry of Agriculture
Daniel Dladla, Agricultural Officer
Nokwazi S. Mamba-Hlophe, Planning Officer
Patricia Carmichael, Research Division Director
Roland X. Dlamini, Livestock Director
Xolisile Simelane, Home Economics Department

*Ministry of Economic Planning and Development*
Sibongile Dube, MEPD
Siphiwe Dlamini, Sectoral Sections
Mvuselelo Dlamini MEPD

**ESWADE**
*Ministry of Tinkhundla Administration and Development (MTAD)*
Majahodvwa Nkonde, Principal Community Development Officer
Ntombifuthi Nkambule, Principal Planning Officer
Dumsani Sithole, Director, Decentralization
Cornelius Dlamini, Regional Development Fund Manager
Fortunate Ginindza, Senior Community Development Officer
Malangeni Gamedze, Monitoring and Evaluation Officer
Futhi W Dlamini, environmental management
Sifiso Sihlongonyane, agronomist
Phumlile Dlamini, business analyst
Vukani Ronnie F. Mkhombe, Livestock expert

**Other government offices**
Gcina Nxumalo, Central Bank of Eswatini
Musa Sikhondze, Eswatini Public Procurement Regulatory Agency, Chief financial officer, currently acting as CEO
Thulile Sifundza, Eswatini Public Procurement Regulatory Agency, Manager Capacity Building and Advisory Department
Glorious Dlamini, Nutrition specialist, Eswatini National Nutrition Council
Lungile Mndzebele, Director, Poverty Reduction and Monitoring Unit, Ministry of Economic Planning
Sandile Gumedze, ecologist, Eswatini National Trust Commission
Nonhlanhla Mnisi, Commissioner of cooperatives and Director SMMEs, with Ministry of Commerce, Industry and Trade
Bhekizwe Maziya, Youth Revolving Fund, CEO
Nomcebo Hadebe, Centre for Financial Inclusion, CEO
Amos Zwane, Central Statistics Office Director
Dlamini, Central Statistics Office Officer
Nomazano Dlamini, Deputy Prime Minister’s Office Director Gender Unit

Gcina Dladla, Eswatini Environment Authority Acting Director
Emelda Magagula, Ministry of Natural Resources and Energy, Department of Water Affairs, Chief Water Engineer

**IFAD-funded projects**
*RFEDP*
David Mfanimpela Myeni, former RFEDP coordinator, former CEO Centre Financial Inclusion, currently CEO Sincephetelo Motor-Vehicle Accident Fund
Prudence Mnisi, CFI Financial inclusion officer, former RFEDP manager.

*LUSIP*
Samson Silwayiphi Sithole, ESWADE CEO, former LUSIP coordinator
Ray Gama, former LUSIP Project Manager
Zwelethu Dlamini, LUSIP Agric Develoment Manager
Meketane Dlamini, gender officer

*FINCLUDE*
Phumzile Nhleko, FINCLUDE Project Coordinator
Mlamuli, Cluster Development Coordinator
Samu Busika, FINCLUDE Social Inclusion Specialist,
Mpumie Malindzisa, FINCLUDE M&E Officer
Nompumelelo Malindzisa, Knowledge management and monitor and evaluation
Mduduzi Dlamini, Management information system

*SMLP*
Lynn Kota, Project Director
Robert Mabundza SMLP Agriculture Coordinator
Nelson Mavuso, SMLP- Community Development Specialist
Phila Mamba, Agricultural economist, SWADE SLM
Thembeni Dlamini, Social Inclusion officer, Project Implementation Unit
Melusi Nene, IMS
Derrick Mahlambi, GIS
Hlobsile Mavimbela, PA
Gcinile Mavimbela, Communication
Tenanile Dlamini, Finance
Zanele Samuels, procurement
Bhekisisa Mkhonta, Project Engineer Irrigation specialist

**Private sector**
Siphephiso Dlamini, CEO NAMBOARD
Sabelo Mabuza, FinMark Trust Country Coordinator
Dumisani Msibi, Managing director, FINCORP Group
Sipho Mkhwamubi, Manager Credit Operations, FINCORP Group
Mancoba Mazibuko, Branch Administrator, FINCORP Group
Mpendulo Nxumalo Grower, Support Manager, Ubombo Sugar Limited
Sipho Nkambule, President SOFWA, Eswatini Cane Grower Association
Patrick Masarirambi, Executive Director Lulote Business Management Extension Programme
Mangaliso Sihlongonyane, Agribusiness Manager, National Maize Corporation
Ben Havenga, MSME advisor, GRM International Eswatini
Sakhile Maseko, Credit manager, Industrial Development Company of Eswatini
Dorrington Matiwane, SEDCO CEO/Managing Director
Bhekani Dlamini, SEDCO Business Development Manager
Samkelo Lushaba, SEDCO Senior Manager, Capacity Development & Support
Sam Shongwe, MTN Fintechs CEO
Mbali Mulungu, MTN Eswatini
Sakhile Vilakati, MTN Eswatini

Musi Groening, Nedbank Corporate Business
Khumalo Mkhululi, Nedbank Small and Medium Enterprise Officer
Shabangu Sive, Nedbank Small and Medium Enterprise Officer
Tsabedze Patrick, Nedbank Small and Medium Enterprise Officer
Vilakah Nokugana, Nedbank Small and Medium Enterprise Officer
Khumalo Mkhululi, Nedbank Small and Medium Enterprise Officer
Nontobeko Mabuza, Eswatini Sugar Association Trade & External Affairs Manager
Enoch Dlamini, Africa Cooperatives Action Trust CEO
Melus Kunene, Africa Cooperatives Action Trust Training manager
Reverend Tshabalala, Council of Churches Director

**NGOs and non-profit organization**
Sbongile Mthembu, Imbita Managing Director
Wandile Kunene, Inhlanyelo Fund CEO
Lwazi Mamba, ESNAU CEO
Debbie Cutting, Catalyze Eswatini Director abajo
Sonia Paiva, Eswatini Kitchen abajo
Mphile Sihlongonyane, Coordinating Assembly of NGOs Eswatini (CANGO)
Doo Aphane, Former Director Women and Law in Southern Africa-Swaziland

**International Organizations**
Nathalie Ndongo-She, Resident Coordinator and Designated Official for Security, United Nations Resident Coordinator's Office in the Kingdom of Eswatini
Cuthbert Kambanje, Sub-Regional Agro-Food Systems Officer, FAO
Khanyisile Mabuza, Programme Assistant FAO
Daison Ngirazi, Head of Programmes, WFP
Bheki Gininza, Country Director, WFP
Gugulethu Dlamini, Programme Analyst, UNDP
Wellington Jogo, project leader of CIP International Potato Center
Eliah Munda, agronomist of CIP International Potato Center

**IFAD Management, Country team and other IFAD consultants**
Sara Mbago-Bhunu, ESA Regional Director
Shirley Chinien, ESA Regional Economist
Jaana Keitaanranta, Country Director
Thomas Rath, IFAD Eswatini country director (CPM at that time) 2014-2015. Currently, lead advisor, operational policy
Luisa Migliaccio, ESA Lead Portfolio Advisor
Henrik Franklin, ESA lead portfolio advisor (from October 2014 to May 2021)
Miyuki Mizunoya, ESA Programme Analyst
Edith Kirumba, Environment and Climate Programme Officer
Marieclaire Colaiacomo, Procurement officer
Harold Liversage, Lead Global Technical Specialist, Land Tenure, grant manager in Eswatini
Antonio Rota, Lead Global Technical Specialist, Livestock, grant manager in Eswatini
Mawira Chitima, current IFAD Ethiopia country director (ex LUSIP coordinator)
Yiorgo Polenakis, rural finance consultant
Mohamed El-Ghazaly, current IFAD country programme officer for Egypt and Syrian Arab Republic and ex RFEDP M&E consultant
Nadhem Mtimet, SwaziBeef grant- ILRI agricultural economist, currently IFAD senior regional technical specialist, rural finance, markets and value chain
Tarek Kotb, Lead global technical specialist- water

**Other key informants**
Prashanth Kotturi, IOE evaluation officer
Rose Mwaniki, RFEDP Project Performance Evaluation team

**Beneficiaries**

| *Location and Farmers' Association/Group* | Women | Men |
|---|---|---|
| Gcekeni | 1 | |
| Babili Banana | 2 | 1 |
| Sukumani Ngonini -Beef Fattening group | 4 | |
| Ncutsamlo Beef | | 1 |
| Ka-Ndinda wetland Rehabilitation | | 2 |
| Ligidzamuva FA | 3 | 3 |
| Kamamba-Mbabala | | 1 |
| Asibe Bahle | 5 | 3 |
| Kwenta Akufani | 6 | 2 |
| Sekuyakhon Ngon | 5 | 3 |
| Vuka Sive Samaja | 6 | 2 |
| Nchubekela Embili | | 1 |
| Phuzumoya | | 1 |
| Water User Association | | 1 |
| Gucuk Environment management and rehabilitation | 1 | |
| Nceka Poultry | 5 | 2 |
| Nceka land rehabilitation | | 1 |
| Nceka earth dam | | 1 |
| Sibuko SeNceka | | 1 |
| Sentakwetfu Bee Keeping | 4 | 1 |
| Ngololweni Earth Dam | 3 | 1 |
| Nhletjeni Multipurpose FA | 1 | |
| Magele FA | | 1 |
| Self Help Group | 6 | |
| LUSIP I | 4 | 1 |
| Swazi Beef - Sukumani Ngoni | 1 | |
| Swazi Beef - Nxutsamlo | | 1 |
| Honey Youth Group | 1 | 1 |
| Goat Value Chain - Lavundlamanti | 1 | |
| Honey Value Chain- Nhlalabantfu | 1 | |
| SMLP community development | 1 | |
| SMLP dam rehabilitation | | 1 |
| SMLP Land Conservation | | 1 |
| SMLP Livestock | | 1 |
| Orange Flesh Sweet Potato | 1 | |
| Indigenous Chickens | | 1 |
| Vulingcondvo Goat Group | | 1 |
| Phytotrade Swaziland Indigenous Products (SIP) | | 1 |
| Shiselweni Livestock | 2 | 4 |
| Micro-enterprise Lomthandazo Sifundza | 1 | |
| Micro-enterprise Nomsa Mngometulu | 1 | |
| Micro-enterprise Lomgcibelo Ndzabandzaba | 1 | |

# IFAD's Strategic Framework and COSOP/CSN objectives and integrated grants

| IFAD Strategic Framework | | Eswatini COSOP/ CSN | | |
|---|---|---|---|---|
| **Period** | **Goal and Objectives** | **Period** | **Goal and Objectives** | **Projects** |
| **2002- 2006** | 1. Strengthening the capacity of the rural poor and their organizations.<br>2. Improving equitable access to productive natural resources and technologies<br>3. Increasing access of the poor to financial services and markets | 1999-2006 | a) Identify the key macro-economic considerations, sectorial policy issues and institutional set up which would need to be borne in mind designing, financing and implementing future projects assisted by IFAD<br>b) Outline the state of rural poverty in the country, characteristics of smallholder operations and the socio-economic areas of smallholder involvement toward ensuring the appropriate targeting and prioritisation of IFAD's future assistance<br>c) Provide an indication of possible areas of IFAD intervention in support of the Government's effort to alleviate poverty. | LUSIP I |
| **2007-2010** | **Goal:** Poor rural women and men in developing countries are empowered to achieve higher incomes and improved food security.<br><br>At the national level, poor rural men and women have better and sustainable access to, and have developed the skills and organization they require to take advantage of:<br>(a) Natural resources (land and water), which they are then able to manage efficiently and sustainably;<br>(b) Improved agricultural technologies and effective production services, with which they enhance their productivity;<br>(c) A broad range of financial services, which they use for productive and household needs;<br>(d) Transparent and competitive agricultural input and produce markets, with which they profitably engage;<br>(e) Opportunities for rural off-farm employment and enterprise development, which they profitably exploit; and<br>(f) Local and national policy and programming processes, in which they participate effectively. | 2007-2011 | **Goal:** reducing the very high levels of poverty in rural areas and improving food security and the livelihoods of the rural poor.<br><br>(a) Land and water: to work towards helping rural poor households gain access to and productively use land and water by including the provision of related services to such households;<br>(b) Finance, enterprise development and markets: to create access to financial and marketing services to enable rural poor households to establish new, and develop existing, micro, small and medium enterprises that are sustainable; and<br>(c) Empowerment and legal rights: to encourage full participation by the rural poor, particularly women and youth, in rural development so they can benefit in their own right, including through access to the means of production. | LUSIP I<br>LUSLM<br>RFEDP |
| **2011-2015** | **Goal**: Enable poor rural people to improve their food security, raise their incomes and strengthen their resilience by building profitable farm and non-farm enterprises that are sustainable and well integrated into local, national and global value chains, and that can generate opportunities for wealth creation and employment in rural areas.<br><br>• A strengthened natural resource and economic asset base for poor rural women and men that is more resilient to climate change, environmental degradation and market transformation;<br>• Enhanced access of poor rural women and men to services that are essential for reducing poverty, raising incomes and strengthening resilience in a changing environment that presents both new opportunities and new risks; | | | LUSIP I<br>LUSLM<br>RFEDP |

| IFAD Strategic Framework | | Eswatini COSOP/ CSN | | |
|---|---|---|---|---|
| ***Period*** | ***Goal and Objectives*** | ***Period*** | ***Goal and Objectives*** | ***Projects*** |
| | • Strengthened capabilities of individual poor rural women and men and their organizations to take advantage of market opportunities and influence the policies and institutions affecting their livelihoods; and<br>• Improved institutional and policy environments for rural economies, including the agriculture and the non-farm sectors. | | | |
| **2016-2025** | **Goal:** Poor rural people overcome poverty and achieve food security through remunerative, sustainable and resilient livelihoods.<br><br>SO1. Increase poor rural people's productive capacities<br><br>SO2. Increase poor rural people's benefits from market participation<br><br>SO3. Strengthen the environmental sustainability and climate resilience of poor rural people's economic activities | CSN June 2017-2019 | **Goal:** improve livelihoods of rural Swazis through improved access to food, income, assets and increased resilience to climate change.<br><br>SO 1: Increased food security for smallholders through more resilience to climate shocks.<br><br>SO 2: Financial inclusion and sustainable value chains creating increased income opportunities for young entrepreneurs and market-oriented smallholder farmers. | SMLP<br>CSARL<br>FINCLUDE |
| | | CSN August 2020 – December 2021 | **Goal:** improve the livelihoods of rural Swazis through increased incomes, access to food, support for asset accumulation and climate-change resilience.<br><br>SO1: Increased climate-resilient food systems for smallholders.<br><br>SO2: Increased income opportunities for young entrepreneurs and market-oriented smallholder farmers. | SMLP<br>CSARL<br>FINCLUDE |

# An in-depth analysis of IFAD support to the development of the rural finance sector in Eswatini

**Background**

278. This paper was initially prepared as the section on rural finance development of the Country Strategy and Programme Evaluation (CSPE) of IFAD's work in the Kingdom of Eswatini. Given the depth of the analysis, only part of its contents could be included in the main report. Hence the decision to transform it into an annex of that report, for those who are interested in this specific thematic area of IFAD's support to the country.

279. Support to rural finance became an area for IFAD's intervention with the 2007-2011 Country Strategy Opportunity Paper (COSOP), which identified "finance, enterprise development and markets" as one of its three focus areas. The first IFAD-supported lending operation addressing this sector, the Rural Finance and Enterprise Development Programme (RFEDP), was approved by IFAD Board in December 2008 and the project became operational in September 2010, almost two years later. It came to completion in September 2016. A Project Performance Evaluation (PPE) by the IFAD Independent Office of Evaluation was issued in April 2019.

280. RFEDP total programme cost, estimated to be US$9.21 million at design, was US$8.5 million, of which IFAD provided 59.4 per cent through a loan and 2.1 per cent through a grant. Funds were also provided by the Government of Eswatini, with 27.8 per cent of the total; co-financing institutions, with 10.2 per cent; and beneficiaries, with 0.5 per cent.

281. A follow-up IFAD-supported loan, FINCLUDE, was approved by IFAD Board in July 2018 and became operational in September 2019, for a total project cost of US$38.6 million. IFAD would provide 23 per cent of this through a loan and 0.7 per cent through a grant; and the rest was expected to be provided by the beneficiaries (35.9 per cent), co-financing (32.5 per cent) and the Government (7.6 per cent). Project operations were heavily affected by the restrictions to movements related to the COVID-19 pandemic, meaning that at the time of the CSPE, in mid-2021, not sufficient progress had been made to assess results. Thus, the analysis focused on the project design and information available on its preparatory steps.

**The RFEDP design and its role in developing the national rural finance sector**

282. RFEDP was the first initiative in Eswatini to make a sustainable contribution to the development of the national rural finance sector. Many of those interviewed by the CSPE team attested to the fact that financial inclusion or rural finance was almost non-existent at the time of design, the concept was new to Eswatini. The fact that at design 70% of the population lived in rural areas, with 76% living below poverty line,[164] demonstrated the need for rural focus regardless of service being offered. In fact, the design noted that rural households did not have access to means of production. The design focused on a holistic development of the sector; i) policy and regulatory framework that would create the right environment for players; ii) the institutional support infrastructure or the conduit for support; iii) the rural small holders and enterprises. Furthermore, the design rightly considered the need for both financial and non-financial interventions, and took into consideration emerging technologies, especially those related to mobile money services.

283. RFEDP development objective was aligned to the Government of the Kingdom of Eswatini National Development Strategy (1997 -2022) especially under 3.2 (economic empowerment), 3.4 (agriculture development). The specific strategies

[164] RFEDP PDR Main Report.

under economic empowerment are: promoting the informal sector, supporting programmes that are geared towards poverty alleviation and employment creation, and economic empowerment of nationals. Under agriculture development, the strategy identifies several specific strategies that include, but are not limited to food security, research, empowerment and marketing. Specific sectoral strategies that relate directly to the work of RFEDP are 4.4.3 (Rural development which focuses on cooperatives and community participation, and 4.5.5 (Financial Services) addresses need to satisfy demand for credit especially for indigenous entrepreneurs and women.

284. Furthermore, the National Policy of the Kingdom of Swaziland on the Development of Small and Medium Enterprises (SMEs) of 2004, and the Revised Small, Micro, & Medium Enterprise Policy of Eswatini (SMMEs) 2018 recognized the need for the support of SMMEs, as an integral part of the country's economic development.

285. The IFAD Rural Finance Policy (2009) also provides clear guidelines for rural finance operations at three levels; macro, meso and micro. RFEDP was designed and implemented in line with this policy. At macro level the project focused on development of an enabling environment for proper functioning of rural financial markets, through policy dialogue and respective strategies, while at meso level, they focused on building strong support institutions, introduction of innovative technology solutions. At micro level, support was availed for productive potential of rural communities and/ or the organizations through provision of financial and non-financial services.

**Design assumptions turning into challenges for implementation**

286. From several stakeholder interviews and RFEDP supervision reports,[165] a consensus emerged that some of the RFEDP design assumptions had not been realistic. The design had assumed that work on the three levels (macro, meso, micro) could be done simultaneously, but from experience this would only be possible if there existed basic legislation and relevant policies regulating the sector, which in the case of Eswatini did not exist. In fact, the RFEDP had to support the development of financial inclusion policies almost from scratch.

287. The June 2014 supervision report for example noted lack of balanced interventions between the three levels. Some of the stakeholders explained that this situation was because of an under-developed market across the three levels, which should have been captured at design. It was also reported that at the time of RFEDP design, the market was so underdeveloped that there was very limited in-country expertise, yet the Ministry of Finance (MoF), the implementing agency, was expected to somehow put together a team to implement such a complex project. As those interviewed stated, the design was good, and made development sense, but it was clearly ahead of its time in Eswatini.

288. Some of the stakeholders also reported that at the time of design, there were few micro-finance non-governmental organizations (NGOs), and the rural finance access linkages was premised on commercial banks. Yet 4 out of the 5 commercial banks were foreign owned, serving mostly an up-market clientele, and had limited knowledge of the rural low-income market. In this regard, the design seemed to have assumed that the rural communities would be made ready for banks through training and failed to capture the need to prepare banks as well for this market. It is therefore not surprising that there was not much evidence that banks, except in the case of Nedbank, were effective partners of the project.

289. An important part of design in IFAD projects is targeting. The project had a national coverage and interventions aimed at the macro and meso level could not be 'targeted' by definition. At the micro level, however, RFEDP identified its target groups as follows: (i) Survivalists, comprising HIV/AIDS-affected households,

[165] Supervision Reports (June and November 2014); Supervision Report October 2015.

orphans, child-headed households, and subsistence producers; (ii) Emerging entrepreneurs, these being active poor households that could seize income-generating opportunities when receiving well-focused and orchestrated support and mentoring; and (iii) Aim high, i.e., small enterprises in rural areas with potential to grow. Targeting, however, was to be maintained flexible and fine-tuned through implementation.

290. The PPE noted that the categories were not clearly defined in the design and that each of them have significantly different needs in terms of capacity development and financial support. Each requires its own clear and tailored approach to make any effective use of the available resources. For example, as the name implies, the priority of survivalists was not necessarily becoming an entrepreneur, but rather basic needs like food and shelter. Also, it is likely that their financial literacy levels would be lower. In these circumstances, 'survivalists' would benefit more from income graduating schemes or livelihoods programs, rather than enterprise training and rural finance. Also, entrepreneurship is not something easily learnt by most people and for it to emerge, long-term mentoring and support are necessary. Finally, the design should have made a distinction between finance for basic needs and finance for enterprise creation and expansion, but this was absent from RFEDP targeting approach.

**Performance at the macro level**

291. Of the three levels, this was the most successful at implementation. Main results achieved by the project included the establishment of an institution, the Center for Financial Inclusion (CFI), formerly microfinance unit (MFU), within the Ministry of Finance. As of 2021, the CFI was not only an authoritative and influencing voice on issues of financial inclusion, it also ensured the existence of the right policy environment and sector coordination. The coordination provided by CFI will ensure more organized support and appropriate leverage of resources for better outreach and financial inclusion.

292. RFEDP also created significant long-lasting benefits by supporting the development of a law and several policies that support the enabling environment for financial inclusion. This was a unanimous view emerging form a range of project reports including the PPE and confirmed by the CSPE itself. Almost all those interviewed mentioned policy development, coordination and bringing financial inclusion to the national limelight as the most successful aspects of RFEDP. These were aspects still alive in 2021 and that are likely to live into the future, albeit in different forms. FINCLUDE rides on some of the successes and lessons of RFEDP, especially the visibility of financial inclusion, and the influence of CFI, not only within government but within the financial sector.

293. Secondly, as reported by several stakeholders, the RFEDP supported the creation of an anchor policy framework and a legal backing or platform through which players can come together in support of the sector. The legal framework had the effect of opening up and levelling the field for all players and stakeholders. In this aspect alone, the RFEDP turned the cards and made IFAD a big player unlike what is seen in other countries where policy and legislation is driven by government in collaboration with private sector and non-government players, while IFAD plays a minor role.

294. On implementation of the various policies the CSPE found out that, the Consumer Credit Policy (2013) was already in force, as evidenced by the Consumer Credit Act (2016). The CSPE learnt from stakeholder interviews that the Credit Consumer Policy ensured that consumer lenders practiced responsible lending through full disclosure and reasonable pricing. One stakeholder reported that "the Consumer Credit Policy levelled the playing field for other players". The National Financial Inclusion Strategy (NFIS) was actively being implemented by various sector players with oversight from CFI. The implementation of the Credit Bill stalled because of

role conflicts between the two regulators, namely the Central Bank of Eswatini and the Financial Services Regulatory Authority. There was need therefore to revise the bill to clarify roles. This has now been completed and the revised Bill is expected to be tabled in Parliament in late 2021. Nothing much has been done regarding the Micro Finance Policy because a decision was made to merge this into the revised NFIS in 2022.

**Performance at the meso level**

295. At the meso level, implementation and results were found to be of a mixed nature. As indicated in several Supervision Mission Reports, and in the PPE, RFEDP had 26 partners. This number was impressive and the CSPE found this the most challenging theme to evaluate. First, because of the time that had elapsed since the project ended, it was difficult to find the people that had the memory from the partner institutions, and secondly there was no systematic memory of partnerships and accomplishments even by those who had worked closely with those partners. Some of the institutions contacted had new staff who had no knowledge or record of RFEDP partnership and others had closed down by the time of the CSPE. But some of the institutions supported by RFEDP and still in existence include Imbita, Inhlanyelo and World Vision among others.

296. The most visible and living works of RFEDP at this level was the scaling up of mobile money by MTN and capacity building for Imbita leading to introduction of group loans to Saving and Credit Groups (SCGs). Also, Inhlanyelo continued to implement microfinance best practices learnt during the RFEDP partnership. Even though RFEDP played a role in the introduction of the beef value chain loan product by Nedbank, the role was more of a facilitator and adviser, not really core to its interventions as it was limited to developing the terms of reference for the consultants and monitoring group loan repayments.

297. The supervision report of October 2015 observed that through assessments and diagnostic studies, the Micro Finance Institutions (MFIs) had increased outreach by at least 1000 clients through project support to respective institutions. The project provided technical assistance to different MFIs in the area of institutional assessment, diagnostic studies and development of strategic plans. The partners who spoke to the CSPE were able to share bits and pieces of anecdotal evidence of how RFEDP impacted their institutions positively, and the benefits that live on to date. Details are reported in the following paragraphs, although the CSPE also noted that other partners had ceased operations by the time of the CSPE assignment and that another partner complained that RFEDP focused too much on training rural enterprises and did not pay attention to institutional capacity needs.

298. The MFI Inlanyelo, through a diagnostic study and training undertaken with RFEDP support was able to transform a project strategic focus into an institutional focus, creating new positions in line with the new structure. Through training they streamlined various systems including performance management and consumer protection among others;

299. The MFI Imbita received technical assistance from RFEDP for an institutional assessment and training of loan officers on portfolio management, on the basis of which the NGO was able to review savings withdrawal policies, carry out a market survey to better understand customer needs which led to the development of emergency loan and simplified the loan application process. An RFEDP donation of approximately USD 20,000 enabled Imbita to start offering credit to self-help groups based on peer guarantee and to broker a partnership with MTN which led to the introduction of digital savings and loan disbursement. Approximately 5000 new clients were registered during the partnership with RFEDP. As of 2021, 90 per cent of Imbita transactions are through mobile services and its clients have accrued benefit of access to a wider product choice. These improvements have made Imbita more attractive to other donors;

300. MTN Fintechs benefitted from RFEDP support to attend mobile-money conferences in Kenya, Peru and in the Republic of South Africa to learn how the mobile money was being rolled out in those countries; the immediate result was that MTN was able to prioritize the mobile money services by developing a new ATM model and later, an agent strategy which focused on physical presence to replace the ATM model; the first 50 kiosks were funded by MFU, and the success of these 50 enabled MTN management to approach its Board for approval of an expansion plan. Currently there are about 600 kiosks across the country, with an agent/customers ratio of 1:101; the objective is to achieve a ratio of 1/60.

301. The Eswatini National Agricultural Union (ESNAU) benefitted from an IFAD grant implemented by the Southern African Confederation of Agricultural Unions (SACAU). The grant enabled ESNAU to develop its internal institutional capacity, and to develop and strengthen its capacity and visibility as a solid advocacy organization in support of the smallholder agricultural sector, and as a provider of economic services to farmers. Its acquired visibility and competence led to collaboration with RFEDP on various issues. These included the organization of a Youth Summit that brought youth from all over the country, issuing a Call for Action that was then used for a youth advocacy agenda and raising attention to youth in agriculture; and a contract to provide technical assistance to the RFEDP-supported Shiselweni piggery. As of 2021, ESNAU had signed a MoU with FINCLUDE.

302. The Phase Review Report (PPR, usually called mid-term review) pointed out that the project had over relied on government or quasi government institutions, and it is not clear how much this fact contributed to the challenge in establishing a proper record of partnership approach and process. Under normal circumstances or according to best practice, the government cannot be the policy holder and the implementer at the same time, as this type of partnership would make it challenging for the project to audit and control quality and eventual outputs.

303. Despite some difficulties in canvassing the views of RFEDP partners, partly due to fatigue with IFAD missions, the evidence was that overall, the partnerships established by RFEDP, and the roles of each party, had not been clearly defined or reported. This conclusion was corroborated by the lesson highlighted in the RFEDP Impact Study report that a more strategic selection of partners would have been necessary to optimize the use of scarce resources. Some of the institutions, in spite of featuring prominently in the Supervision Mission Reports as successful, had closed down by the time of the CSPE exercise, for example, Hand in Hand, SWEET, Swazi Honey Council among others. Although other factors may have affected the survival of these organisations, as explained by some partners, their closing down suggests that the partnership with RFEDP did not contribute to their sustainable institutional development beyond the project.

304. The Project Completion Report (PCR) reported that in spite of the project support, the MFIs remained weak, and *"unable/unwilling"* to provide outreach and performance data. This is not surprising given that partnerships were not performance based, and also the initial challenges the project had with its M&E system. The impact study indicates numbers reached, but the results mentioned by some partners to the CSPE had not been captured by the various project reports. For example, in its interview with the CSPE, Imbita stated that new products were introduced as a result of RFEDP support, which subsequently increased the number of clients.

305. Finally, with regards to product development, RFEDP performed dismally. As reported in the PCR, out of the 6 products developed, only 1 (the livestock feed lot loans) went through to pilot commercialization, and even then, this was not a core RFEDP intervention, but a collaboration with another IFAD grant implemented by

ILRI. The CSPE team has not encountered a document/s nor stakeholder interviews which explained the reasons for this weak performance.

**Performance at the micro level**

306. The project's performance was at its weakest at the micro level, in spite of the fact that despite all target numbers as defined in the project log frame were overcome. In component 1, the project surpassed all its target outputs by over 100%, and in component 2, it surpassed the targets by over 100% for 7 indicators, while achieving 100% for 1 indicator, and underperforming in 2 indicators, 1 indicator was marked "not applicable".[166] Under component 1, budgets for subcomponents were surpassed by big margins, while for component 2 the budgets were also surpassed except for the product development.[167] By just looking at the numbers it would be easy to conclude that the project was effective.

307. However, quantitative results on their own cannot relay the whole story, and impact and sustainability were not evident. It would seem therefore that growth and sustainability of enterprises were neither pursued nor reported. It appeared that the project focused on attaining quantitative results, not so much impact beyond those numbers. It was not clear whether the decision to pursue attainment of numbers, e.g., of persons trained, was made by project management or was pushed on them to achieve 'results'.

308. Among the participants who received training (2678), a small percentage (30 per cent) went on to receive loans.[168] There was no evidence to show that those who went on to receive loans, did so as a result of project interventions. Several reports conclude that not much was achieved at the micro level.[169] From the field visits, the CSPE interacted with one cooperative that had received business management training under RFEDP. Even though this cooperative was able to access loans from a bank during the project period, the relationship did not continue after the project. But relationships with buyers had been maintained to date. Another partner trained 100 savings and credit groups on issues of savings and credit, group management, conflict management and leadership. They reported that in early 2020, 60 per cent of these groups were in existence and doing well, but at the time of the CSPE, some had suspended operations because of Covid-19.

309. Overall, the intended financial linkage benefits were marginal, and in some cases, the reported benefits were of a general nature. For example, one partner reported that there had been improvement in loan repayments, income and employment generated, but was not able to quantify. Attempts to implement a guarantee-scheme with one commercial bank did not take off beyond the concept stage because the bank personnel changed midway through the concept development, and there was no handing over to the new staff. Furthermore, the bank was not clear regarding the details of the proposed guarantee. Also, where work continued beyond the project period, it was not institutionalized, but rather individualized within those institutions, and when the individuals left the institutions the memory and/or work ceased.

310. The PPE was especially critical of RFEDP enterprise training approach. The report noted that the trainings offered were mostly one-off interventions, with no follow up; also, training was uniform and probably too technical to meet needs of a diverse group of enterprises. The Supervision Mission Report in October 2015 made similar statements when it reported that the business development services (BDS) were disenfranchised as each provider used a different approach. Also, one financial service provider stated that, *"you cannot turn people who have no inclination to enterprise into entrepreneurs overnight".* The PCR on the other hand

[166] RFEDP PCR (2017).
[167] RFEDP PCR (2017).
[168] RFEDP PCR (2017).
[169] RFEDP PPR (2014), RFEDP PPE (2019).

noted that, *"Providing financial services to rural entrepreneurs (farmers or otherwise), in particular productive loans"* was a challenge for many in the developing countries, especially for those groups of producers that the RFEDP defined as "survivalists", as already discussed. In this respect, implementation at the micro level suffered from a too simplistic approach and unrealistic project design.

311. Through RFEDP support, one partner was able to train key farmers through a training of trainers (TOT), and there was an attempt to follow up and make sure the trainer farmers went on to train other farmers on various business management and record keeping. But that is as far as it went, there was no follow up to check if the trained farmers had implemented what they had learnt.

312. The PPR had rightly recommended that RFEDP focus on the promotion of community-based credit and savings groups as a "nursery" where this target could learn the disciplines of saving and borrowing before graduating and interfacing with formal financial services. It is indeed wrong to assume that organizing farmers into groups and associations will automatically make them ready to be formal financial institutions customers. In retrospect, the design should have been more prescriptive or more definitive, for example by using a phased approach where rural finance linkages would be done in steps. For example, it would have been possible to identify and organize survivalists through Community Based Saving and Credit Groups (CBSCGs) with some sort of plan to graduate them into micro-entrepreneurs with potential through mid-project period, to be served by a variety of providers including Saving and Credit Cooperatives (SACCOs,) MFIs and banks, and lastly graduate them to high and stable entrepreneurs by end of the project to be mainly served by banks.

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314. Possibly partly due to the time that had elapsed since the RFEDP project ended, the CSPE team experienced challenges obtaining a systematic record of work done and results at both meso and micro level, supporting the conclusion that monitoring and performance measurement was weak. From conversations with partners, the project interventions did create some positive impact, but in some cases, such impact could not be sustained either beyond the project period or in the long run.

**Reported results and impacts at the micro level**

315. Project reports and the final Impact Assessment Survey reported quantitative data about RFEDP results and impacts. These are referred to below, although the CSPE took the impact data only as indicative rather than absolute values, due to the methodologies deployed in the assessments.

316. The RFEDP Impact study concluded that there was a general positive trend in some socio-economic indicators for households. The project supported 1880 households directly, and 10,872 indirectly.[170] According to the 2017 Impact Evaluation Survey (2017), there had been a 16 per cent increase in literacy levels since the 2012 RIMSCIS. Unemployment amongst beneficiaries reduced by 3% between 2014 and 2017[171], and this may indicate that household members were employed by the growing enterprises. The number of beneficiaries owning small enterprises went up from 9.6 per cent in 2014 to 76 per cent in 2017, and 61.4 per cent of these enterprises were started during the project period. While the CSPE would not attribute all these changes to the project, a positive contribution can safely be

[170] RFEDP Impact Evaluation Survey (2017).
[171] RFEDP Impact Evaluation Survey (2017).

assumed. On the downside, the existence or ownership of enterprises did not necessarily lead to significant improvement in incomes and surpluses. The new enterprises created jobs for the owners, but extra job creation outside the enterprise owners was marginal at 6.46 per cent.[172]

317. According to the RFEDP Impact study, 89 per cent of those trained reported that the training was useful, but only 35% of these went on to apply the knowledge. The study did not explore reasons for non-application, but this could mean among other reasons, that the training may have been "good to know" but not practical for the kind of enterprises owned by the beneficiaries. This conclusion resonates with one of the PPE's conclusions that the training was "too technical". About 29.6 per cent of those trained, experienced less than 50 regular customers, 10.1 per cent experienced more than 50 regular customers as a result of the training received, while the remaining 60.4 per cent reported no regular customers. Probably, the training was less oriented to sales, marketing and customer service, which are areas that should be explored further in future enterprise training.

318. At the national level, financial exclusion in Eswatini reduced from 27 per cent in 2014 to 13 per cent in 2018.[173] The most significant players that contributed to this change were non-banks which moved from 10 per cent in 2014 to 33 per cent in 2018, [174] with mobile money being the leading growth driver (76 per cent). RFEDP focused on banks, and in that aspect its contribution to financial inclusion was low, but its work with MTN did create significant impact indirectly through mobile money. Among participants in trainings, 30 per cent went on to apply for loans,[175] and even though this figure seems low, the CSPE was of the view that 76 per cent of beneficiaries who own small enterprises demonstrates a good foundation for future interventions. Secondly, 30 per cent[176] default rate experienced with beneficiary loanees is way above the general market best practice, which is usually below 10 per cent. The CSPE attributed this to either inadequate financial literacy on the part of beneficiaries, inappropriate loan products on the part of providers or a combination of both factors.

319. The impact study found that among trained participants, only 18 per cent reported that their businesses were doing well as a result of knowledge applied, while 23 per cent [177] were not able to tell if the business was doing better or not. It is not clear what happened in the business of the remaining 60 per cent. It can be therefore concluded that increase in income as a result of RFEDP training interventions was marginal, and hence not observable by the beneficiaries. While it can be argued that a 23 per cent increase in assets between 2012 and 2017[178] was partially a function of income increase, this is unlikely because a significant increase in income is something individuals tend to remember for a long time. The beneficiaries interviewed by the CSPE reported that training impacted community social cohesion and production but did not mention change in incomes or assets as one of the impact experienced. In fact, some reported that their livelihoods had not changed much.

320. It was not easy to determine how many beneficiaries were still running rural enterprises at the time of the CSPE exercise. One service provider reported that before Covid-19, 60 per cent of the groups trained under RFEDP were existing and doing well, but with the pandemic some of these have suspended activities. Also, during the field visits, some farmers reported that from the training received, they managed to form into a cooperative, and access new markets even though demand

[172] RFEDP Impact Evaluation Survey (2017).
[173] Finscope Consumer Survey Eswatini (2018).
[174] Finscope Consumer Survey Eswatini (2018).
[175] RFEDP PPE (2019).
[176] RFEDP Impact Evaluation Survey (2017).
[177] RFEDP Impact Evaluation Survey (2017).
[178] RFEDP Impact Evaluation Survey (2017).

for products is still low. Access to loans is still a challenge because of high interest rates. The guarantee-scheme assisted in lowering the interest rates.

321. The CSPE was able to establish, through field visits the continued existence of some of the groups supported by RFEDP. One such group comprises pig farmers in Nhlangano Town. They were trained in business management, and procured a loan from Eswatini Bank, and also benefited from the guarantee fund that was under the management of the CBE.

**IFAD's support to implementation**

322. Based on supervision reports, and interviews with former RFEDP staff, the CSPE concluded that IFAD's response with implementation support was timely. As noted in the PCR, "*IFAD supervisory missions were timely, well-organized, and consistently identified material financial, management, M&E, procurement, and other process challenges".* However, this was not always the case before Phase II Review[179]. IFAD missions could have done better by noting and observing the challenges of meso level players, which were generally weak and could not provide basic performance data. This could have been possible through consistency of supervision team members over a longer period.

323. It was indeed reported that because of the frequent changes in team members, in subsequent missions, inconsistencies arose in the recommendations of the respective missions, and this made implementation or follow through of some recommendations difficult. However, on close scrutiny, the CSPE is of the view that having consistent supervision and support team is important, but in the case of RFEDP it was not a major reason why the project underperformed in some areas. For example, the microenterprise team member remained the same (100% continuity rate), while microfinance was interchanged with rural finance and had 38% continuity rate, yet the former did not fare any better than the latter. The CSPE is of the view that this is a critical point to note in regard for future implementation and support missions, but this will not in its own determine the success rate of implementation.

324. An area of weakness in IFAD's support was the absence of any sustainable exit strategy for RFEDP. The supervision report in August 2016 had indicated that the Small Enterprise Development Company (SEDCO) was to continue RFEDP work, specifically in enterprise training, while the University of Swaziland (UNISWA) was to undertake "couching and mentoring" of Small and Medium Enterprises (SMEs). The agreement regarding SEDCO did not take off because there seemed to have been a misunderstanding between the two parties. SEDCO expected some sort of funding to assist them carry on the honey value chain work, but this did not come through. Thus, the project ended quietly without a proper transition.

**RFEDP lessons and FINCLUDE design**

325. The PCR highlighted lessons around targeting, private sector orientation regarding implementation, need based training, a functioning M&E system, performance-based partnerships and systematic technical assistance. To improve performance, the PCR recommended that early supervision and support missions should focus on startup strategy and planning. These lessons were similar to some of the RFEDP challenges highlighted by several stakeholders interviewed by the CSPE; i) initial misunderstanding of the role of RFEDP, with some sections of the population believing that this was an IFAD fund for SMEs; ii) lack of capacity at the project level both technically, and in terms of numbers; iii) non-functional M&E system; iv) limited direct interface with the grassroots. These challenges seemed to have limited the project in achieving its objectives and sustainable impact especially at meso and micro levels.

[179] The RFEDP PCR (2017).

326. The CSPE noted that there was a risk for FINCLUDE to fall into similar mistakes as RFEDP did with product development, where it achieved very little as already mentioned before, unless clear strategies are developed right from the beginning. In this respect, there was confidence concerning the development of products associated with remittances because FINCLUDE will be partnering with Finmark Trust, best known for regional surveys and studies that provide direction in making finance work for the poor.

327. Through multi stakeholder consultation and direct solicitation, both RFEDP and FINCLUDE design took and take cognizance respectively of the work done by other partners which are identified in the respective Project Design Reports (PDRs). During RFEDP implementation, the stakeholder forums brought together mostly public, and less of private and donor stakeholders to discuss progress and harmonize different project work in different areas to avoid or minimize duplication. Private sector plays a critical role especially on the supply side and should have been an equal stakeholder. This is an anomaly that FINCLUDE should strive to correct.

328. Issues of targeting and partnerships should also be clarified at design stage, to the extent possible, so as to ensure that support reaches the right target group, and that it will be beneficial on a longer term. Partnerships should be anchored more on performance-based agreements as opposed to informal collaboration or "gentleman's agreement" as was the case with some RFEDP partners. Furthermore, as relayed by one partner, public-private partnerships should not only be on paper but be pursued deliberately by the projects. Also, a monitoring and evaluation system should be anchored on credible baseline data and should be robust enough or adaptable to progressive changes to produce useful information that is not only useful to IFAD, but to implementing partners and other stakeholders. In this respect, moreover, the M&E should continuously capture not only numbers, but impact of interventions both on partners and rural households.

329. One development bank whose niche is Micro, Small and Medium Enterprises (MSMEs), and that had the opportunity to interface with RFEDP, as well as one financial service provider, held a strong view that project designs of enterprise and rural finance programs in Eswatini like many other countries in Africa should take cognizance of historical school systems, that have not promoted enterprise creation or self-employment, and also historical political systems of dependence, which mean that not everyone trained will become a successful entrepreneur. Furthermore, there needs to be a distinction between finance needs for basic needs and finance needs for enterprise creation and expansion. RFEDP seems to have failed to make this distinction, and that could be one of the reasons why, regardless of the many people trained, there is not much to show for it after the project ended, and neither is there much to show in terms of sustainable access to credit.

330. Some of the stakeholders interviewed are of the view that the loan guarantee for MSMEs is a good tool, specially to mitigate collateral requirements. However, design of such schemes should take into consideration the lengthy legal process of defaults collection before the financial providers can make loss claims against the guarantee. Also, while attempts have been made to mitigate agriculture lending risks through crop insurance, such schemes tend to cover partial risks that deal with production, but not default risks. There is need therefore to develop more comprehensive schemes in addition to customizing financial products/services to agriculture.

331. Further, some stakeholders said that in order to ensure increased participation of the private sector, there is need for proper selection of farmers based on their interest/need which will improve their commitment as opposed to assuming that farmers will see logic in the need to commercialize and/or diversify. A good

selection, coupled with appropriate training and mentoring will ensure that the enterprises develop resilience to shocks which would otherwise cause failure. Lastly, there is need to ensure that the different value chain actors understand their roles and responsibility and deliver on these effectively.

332. FINCLUDE design and implementation progress so far seemed to have adopted some of the RFEDP lessons and attempted to address some of the challenges. For example, the design was said to have been a collaboration of IFAD, the Government of Eswatini and several stakeholders, so as to base it on the real needs of beneficiaries. Secondly, with a view to overcome the risk of misinterpretation of FINCLUDE's role, a start-up workshop was organized with stakeholders to explain the objectives of the project and the approach. While some of those interviewed knew about FINCLUDE's existence and were able to explain some aspects of the design such as the cluster approach, others had limited information. They were however quick to mention that the project was still at the inception phase.

333. FINCLUDE's approach is reportedly different from RFEDP in that through the regional administration and chiefdoms, operational sites are being selected based on existence of identified commodities and feasibility of clusters, and not through partners. Furthermore, the selection of beneficiaries will be based on profiling and scorecards to ensure that the right target will be selected. In this regard, FINCLUDE under its Component 1 already demonstrated a marked approach and improvement from RFEDP in interfacing with beneficiaries.

334. Regarding M&E it did appear that FINCLUDE had also started in the right way by hiring at least two specialists who are overseeing the set-up of an appropriate system. For a start, they reported that they based the definition of beneficiary information to be collected on the project logframe, and at the time of the CSPE, they were in the process of finalizing the development of a data collection tool. The information collected would be input into the management information system to establish a database and some baseline of beneficiaries.

335. Under component 2, the project is supposed to deal with demand and supply constraints. It is proposed to do this through several interventions such as bridging the information divide between demand and supply, increasing financial literacy at household level, establishing a financial risk instrument management (FIRM) to encourage financial institutions to increase credit to rural and agriculture enterprises, support remittance and product development and enhancement of policy. It is under this component that the private sector is expected to participate. In this regard it may be too early to judge whether the planned interventions will yield better results or impact than RFEDP.

336. While the FINCLUDE project team takes cognizance of the fact that all components are interdependent, component 2 could be yet the weakest link for the project. From experience of some of the interviewed stakeholders, it is a long and a tedious process to teach enterprise to people who are not traditionally oriented towards enterprise as the business ethics and resilience are weak. Furthermore, while the microenterprises tend to be homogenous in their operations, the SMEs tend to be heterogenous making training, and preparation of business plans more challenging.

337. The FINCLUDE project design assumes that understanding the beneficiary needs, financial literacy and a financial inclusion catalogue will bring the two sides (demand and supply closer), but this cannot be further from reality if the experience of RFEDP is anything to go by. There will be merit, not only to catalogue the supply side, but to undertake a 'rural finance inclusion' literacy for the suppliers as well, in addition to providing the FIRM, if FINCLUDE is to yield better results than RFEDP. There is need to get the two sides to talk to each directly, not through partners of project intermediaries or proxies.